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GAVIN NEWSOM, MAYOR

MIRIAN SAEZ

DIRECTOR OF THE ISLAND OPERATIONS

**STATUS REPORT ON IMPLEMENTATION OF
RECOMMENDATIONS MADE BY THE OFFICE OF THE
CONTROLLER'S AUDIT OF THE AUTHORITY**

JANUARY 10, 2007

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TABLE OF CONTENTS

SECTION

- 1 OFFICE OF THE CONTERLLER AUDIT# 05045 DATED 12/12/05
- 2 AUDIT RESPONSE
- 3 EXHIBTS
 - A) ACCOUTNING PROJECT OF TIDA (FAST REPORT) & TIDA'S PROFESSIONAL SERVICE AGREEMENT WITH THE CONTROLLER'S OFFICE
 - B) MOU BETWEEN TIDA AND ADMINISTRATIVE SERVICES
 - C) TIDA NAVY CAM RESOLUTION# 06-06-01/23, SETTLEMENT AGREEMENT BETWEEN TIDA & THE NAVY TIDA PAYMENT DOCUMENTATION
 - D) TIDA PUC TRANSACTION DETAIL INQUIRY
 - E) RESOLUTION#06-27-04-17
THE REPORT OF THE AUDIT REVIEW COMMITTEE
 - F) TIDA PROJECT ACHIEVEMENTS & GOALS FOR JULY 1, 2006 TO JUNE 30, 2007.
 - G) TENANT LEDGER REPORT SUMMARY
 - H) TIDA FIELD INSPECTION FORM
 - I) TIDA VACANCY REPORT & LEASING PIPELINE
 - J) TIDA KEY POLICY
 - K) TIDA BUILDING CONDITION REPORT
 - L) DPW WORK ORDERS TRACKING SYSTEM
 - M) TIDA REVENUE RECEIPTS PROCESSING PROCEDURES
 - N) TIDA LINCOLN AVAITOR PURCHASE RESOLUTION #05-53-12/14
 - O) TIDA VEHICLE FUEL MAINTENANCE LOG

City and County of San Francisco

OFFICE OF THE CONTROLLER CITY SERVICES AUDITOR

Treasure Island Development Authority





CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

December 12, 2005

Report Number 05045

Treasure Island Development Authority Board of Directors
Building 1, 2nd Floor
410 Avenue of the Palms
San Francisco, CA 94130

The Controller's Office, City Services Auditor, presents its audit report regarding the Treasure Island Development Authority. The audit objectives were: (1) to determine if TIDA is appropriately accounting for its revenues and expenditures; (2) to determine the amount of TIDA's liability to the Public Utilities Commission (PUC) of the City and County of San Francisco (CCSF); (3) to determine whether TIDA had implemented the recommendations from the audit conducted by the Harvey Rose Accountancy Corporation in February 2005; and (4) to assess current staffing to identify alternate methods for accomplishing key functions. In addition to the stated objectives, the audit team also verified calculations related to the former director's salary, benefits, retirement contributions, severance pay, and expense reimbursements.

The general conclusions of the audit were that the findings demonstrate an overall picture of poor management of TIDA with regard to its financial practices, staffing, monitoring of interim subleases, expenditures, and employee payroll and reimbursements:

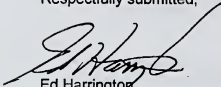
- TIDA does not have a good understanding of its current financial position, which is a result of overstating its revenues and understating its liabilities on its financial statements. Combining last year's fund balance with this year's unaudited deficit means that TIDA is at least \$2.3 million short of what it needs to pay its liabilities.
- TIDA has more positions than needed to accomplish its current mission. Both the skill mix and the number of staff do not meet TIDA's current needs, the classifications for certain positions overstate actual responsibilities, the salaries for certain positions are excessive when compared to actual responsibilities, the lines of responsibilities are unclear, and there are some instances of overlap.
- TIDA does not have procedures to monitor its interim sublease agreements on a regular basis, to determine rates for set-up days for special events, or to determine when it is appropriate to charge a discounted rate for rental of event facilities or what that rate should be. TIDA also has not required insurance coverage for set-up days related to special events.
- Although the Harvey Rose Accountancy Corporation cited many of TIDA's management and financial practices as findings in its February 2005 audit, TIDA had only fully implemented six of the recommendations as of the end of October 2005, which resulted in some findings being repeated in this audit.

- TIDA had several expenditures that did not appear to be reasonable or for the benefit of interim TIDA activities. These included the purchase of sound equipment that did not appear to have ever been used for the benefit of TIDA, the lease of a sport utility vehicle that is considered to be a luxury vehicle, fuel usage that exceeded the capacity of the TIDA vehicle for which the charges were made, a variety of questionable reimbursements for expenses for the former director, and unnecessary cell phone expenses.
- Previous payroll errors required corrections to be made on the former director's final paychecks, and additional adjustments are still needed, particularly with regard to adjustments in CalPERS contributions for the former director's pension and his form W-2 for 2004.

The audit includes 35 recommendations for the TIDA Board of Directors to either implement or direct future TIDA management to implement. Specifically, the audit recommends establishing accounting procedures that comply with generally accepted accounting principles and sound internal controls, reorganizing the staff structure in accordance with TIDA's current mission and functions, routine monitoring of interim sublease agreements, implementing the recommendations from the Harvey Rose audit, establishing payroll procedures to ensure legal compliance, and submitting the former director's CalPERS information to CalPERS for correction.

We appreciate the cooperation and assistance provided to us by TIDA staff during the audit.

Respectfully submitted,



Ed Harrington
Controller

TABLE OF CONTENTS

Executive Summary	i
Introduction	1
Chapter 1.....	5
Accounting Procedures	
Chapter 2.....	11
Staffing	
Chapter 3.....	17
Interim Subleases and Rental Agreements	
Chapter 4.....	21
Implementation Status of Audit Recommendations from the Harvey Rose Accountancy Corporation	
Chapter 5.....	23
Questionable Expenditures	
Chapter 6.....	29
Payroll and Employee Reimbursements	
Appendix A	A-1
Status of Implementation of Recommendations from the Harvey Rose Audit	
Appendix B	B-1
TIDA's Response	

EXECUTIVE SUMMARY

Introduction

We conducted this audit at the request of the Treasure Island Development Authority (TIDA) Board of Directors. The audit objectives were:

- To determine if TIDA is appropriately accounting for its revenues and expenditures.
- To determine the amount of TIDA's liability to the Public Utilities Commission (PUC) of the City and County of San Francisco (CCSF).
- To determine whether TIDA had implemented the recommendations from the audit conducted by the Harvey Rose Accountancy Corporation in February 2005.
- To assess current staffing to identify alternate methods for accomplishing key functions.

In addition to the stated objectives, the audit team was also asked to verify calculations related to the former director's salary, benefits, retirement contributions, severance pay, and expense reimbursements.

General Conclusions

The audit findings demonstrate an overall picture of poor management of TIDA with regard to its financial practices, staffing, monitoring of interim subleases, expenditures, and employee payroll and reimbursements. TIDA does not have a good understanding of its current financial position – as a result of overstating its revenues and understating its liabilities on its financial statements, TIDA does not have sufficient fund balance to meet its known liabilities. Additionally, TIDA appears to be overstaffed based on its current mission and functions. Although the Harvey Rose Accountancy Corporation cited many of TIDA's management and financial practices as findings in its recent audit, TIDA had only fully implemented six of the recommendations as of the end of October 2005. Previous payroll errors required corrections to be made on the former director's final paychecks, and additional adjustments are still needed, particularly with regard to adjustments in CalPERS contributions for the former director's pension and his form W-2 for 2004. TIDA also incurred several expenditures that do not appear to be reasonable or for the benefit of TIDA activities.

Findings and Recommendations

Accounting Procedures

TIDA has not appropriately accounted for revenues received from interim subleases and special event rentals, nor has it reported liabilities totaling over \$2.0 million to the PUC,

\$1.4 million to the Navy, and an unknown amount to the San Francisco Redevelopment Agency (SFRA). These accounting practices have resulted in overstated revenues and understated liabilities on TIDA's financial statements, and misleading reports to the TIDA Board of Directors regarding TIDA's financial position. Although the exact amount of the reporting errors on the financial statements is not currently known, combining last year's fund balance with this year's unaudited deficit means that TIDA is at least \$2.3 million short of what it needs to pay its liabilities.

TIDA also has not followed sound internal control practices for processing invoices for payments to vendors. TIDA did not consistently require two signatures on every payment request, with the number of signatures varying from one to two. It has also made several late payments, which resulted in having to pay late fees.

The audit recommends that the TIDA Board of Directors direct TIDA management to implement accounting procedures that comply with generally accepted accounting principles, including appropriately accounting for revenue versus nonrevenue monies received and recognizing its known liabilities on the financial statements; negotiate payment plans with the PUC and Navy to settle the outstanding debts and make payments in accordance with the payment plans; and conduct periodic spot checks of processed invoices to ensure that it is following its established procedures.

Staffing

TIDA has more positions than needed to accomplish its current mission. Both the skill mix and the number of staff do not meet TIDA's current needs, the classifications for certain positions overstate actual responsibilities, the salaries for certain positions are excessive when compared to actual responsibilities, the lines of responsibilities are unclear, and there are some instances of overlap. We observed several instances of inefficiencies in the assignment of duties among staff. Further, TIDA does not have an annual work program, so there is no general planning regarding the work required or actually performed.

The audit recommends that the TIDA Board of Directors make a final assessment regarding TIDA's current staffing needs and organizational structure and direct TIDA management to reorganize, including reducing its current staffing and reclassifying positions as appropriate, to meet its current mission and functions; achieve efficiencies by adding information for special events to TIDA's website; and coordinate with the Mayor's Office of Base Reuse to develop an annual work program.

Interim Subleases and Rental Agreements

TIDA has not established procedures to monitor its interim sublease agreements on a regular basis, has not collected deposits on all sublease agreements, and has not established procedures to determine rates for special event set-up days or discounted rentals. As a result, TIDA may not be fully recovering its costs for interim leases and rentals and may appear to have given preferential treatment to an organization with

which it has an ongoing contractual relationship. TIDA also has not required insurance for special event set-up days, which may be putting TIDA at risk because it may be held liable in the event that an accident or injury occurs during the set-up time.

The audit recommends that the TIDA Board of Directors direct TIDA management to routinely monitor the interim lease agreements and report the results of the monitoring to the board on a monthly or quarterly basis, reconcile the monthly revenue submissions from the John Stewart Company for housing rentals, establish procedures for determining rates for set-up days and discounts for special event rentals, and require event holders to provide insurance coverage for all activities related to special events.

Implementation Status of Audit Recommendations from the Harvey Rose Accountancy Corporation

In June 2005, TIDA management reported to the TIDA Board of Directors that it had implemented 17 of the 28 audit recommendations and that the remaining 11 would be implemented within six months. We verified the status of each audit recommendation and found that as of the end of October 2005, TIDA had fully implemented only 6 of the 28 recommendations, had partially implemented 16 recommendations, and had not implemented 6 recommendations.

The audit recommends that the TIDA Board of Directors direct TIDA management to fully implement each of the audit recommendations or provide a reason why a recommendation will not be implemented and an alternative course of corrective action. The audit also identifies additional actions that TIDA can take to improve the effectiveness of implementation of several of the recommendations.

Questionable Expenditures

Several of TIDA's expenditures do not appear to be reasonable or in compliance with TIDA's fiduciary responsibility to spend revenues for the benefit of interim TIDA activities. Several of these questionable expenditures occurred even though TIDA had been using its fund reserves to balance recent budgets. Questionable expenditures included sound equipment that did not appear to have ever been used for the benefit of TIDA, a sport utility vehicle that is considered to be a luxury vehicle, fuel usage that exceeded the capacity of the TIDA vehicle for which the charges were made, a variety of questionable reimbursements for expenses for the former director, and potentially unnecessary cell phone expenses.

The audit recommends that the TIDA Board of Directors direct TIDA management to establish written policies and procedures and adequate internal controls regarding its purchases, cell phone use, travel and expense reimbursements, and assets; that it provide direction to TIDA regarding whether to keep or dispose of the sport utility vehicle; and that it designate a member of the board to approve expense reimbursements for future TIDA directors.

Payroll and Employee Reimbursements

TIDA did not perform appropriate oversight, management, or reporting of personnel-related issues, including salaries, pension, fringe benefits and expense reimbursements reportable to the IRS, and employee attendance. A lack of understanding of payroll issues resulted in incorrect payments of salary to the former director, underreporting of employee income for IRS tax purposes, and overreporting of the former director's income for pension contribution purposes. These errors were generally in favor of the former director. In addition, insufficient monitoring and enforcement of attendance policies for the former director and TIDA staff contracted through the SFRA resulted in employee leave in excess of standard expectations.

The audit recommends that the TIDA Board of Directors implement, and where appropriate, direct future TIDA management to implement a variety of practices related to appropriate and legally compliant employment and payroll procedures. The audit also specifically recommends that the TIDA Board of Directors submit all payroll and CalPERS information for the former director to CalPERS to determine the correct treatment of the former director's pension and to collect overpayments of pension contributions; and direct TIDA staff to follow IRS regulations for reporting taxable income from fringe benefits and reimbursed expenses for TIDA employees, including issuing corrected forms W-2 as needed.

INTRODUCTION

In fulfilling the mission of the Office of the Controller to promote efficient, effective, and accountable government within the City and County of San Francisco (CCSF), the Controller's City Services Auditor conducted an audit of the Treasure Island Development Authority (TIDA). The TIDA Board of Directors adopted a resolution on October 17, 2005, to enter into a contract with the Controller's Office to conduct the audit.

BACKGROUND

TIDA is a nonprofit public benefit corporation that was authorized in accordance with the Treasure Island Conversion Act of 1997 and designated as a redevelopment agency pursuant to the Community Redevelopment Law of California. Its specific purpose is to promote the planning, redevelopment, reconstruction, rehabilitation, reuse, and conversion of the property known as Naval Station Treasure Island for the public interest, convenience, welfare, and common benefit of the citizens of San Francisco. TIDA's mission is to redevelop the former Navy base and manage its integration with CCSF in compliance with federal, state, and city guidelines, including the California Tidelands Trust (see related discussion on page 2); create new housing and job opportunities for San Francisco residents, including assuring job opportunities for homeless and economically disadvantaged residents; increase recreational and bay access venues for Bay Area residents; and promote the welfare and well-being of the citizens of San Francisco. To achieve these goals, TIDA provides property management and municipal services, services related to transferring federal property to local jurisdiction, and redevelopment planning activities.

Under the provisions of a cooperative agreement between TIDA and the Navy, TIDA serves as the property manager for all property that was formerly Naval Station Treasure Island, and TIDA is responsible for building maintenance, utility operations and maintenance, landscaping, road repair, and management of personal property. In addition, the cooperative agreement made TIDA and CCSF responsible for providing municipal services to the island, including public safety services such as fire and police. To offset the costs associated with property management and provision of public services, TIDA generates revenue from special events on the island, and from interim subleasing of existing facilities, including approximately 845 housing units. Some of the housing units generate revenue for Treasure Island Homeless Development Initiative (TIHDI). As the designated Local Reuse Authority, TIDA is negotiating with the Navy to acquire all real property at the base that has not been transferred to other federal agencies. It is expected that approximately 365 acres on Treasure Island and 115 acres on Yerba Buena Island will eventually be transferred to TIDA, after final negotiation of terms regarding the Navy's and TIDA's obligations for environmental remediation and conveyance.

There are two legal mandates that may affect how TIDA spends its revenues – the Tidelands Trust and the No-Cost Economic Development Conveyance (EDC). The following provides a brief discussion of each of these requirements:

- **Tidelands Trust.** Treasure Island proper (the flat portion of the former naval station composed of bay fill) and a small portion of Yerba Buena Island are tidelands. The Navy acquired the islands for military purposes, and so long as the Navy continues to own the tidelands on Treasure Island and Yerba Buena Island, there are legal issues as to whether the Tidelands Trust restrictions apply to those areas. The Tidelands Trust requires that revenues generated from trust lands be used for trust purposes and that they be limited to paying for reasonable costs that directly benefit the trust.
- **No-Cost EDC.** Federal law requires that as a condition of a no-cost property transfer from the Navy, TIDA must reinvest, for seven years, 100 percent of the proceeds received from the sale, lease, or similar use of property on Treasure Island (excluding tax revenues) into redevelopment activities for the base. If TIDA fails to invest the proceeds from the project in a manner consistent with the applicable legal guidelines, the Navy may seek to recoup those proceeds. TIDA has submitted an application for a No-Cost EDC; however, the application is currently on hold while TIDA instead pursues a negotiated transfer of the land from the Navy. The reinvestment requirements will become effective only if the land transfer occurs through the No-Cost EDC.

TIDA is governed by seven commissioners who are appointed to the TIDA Board of Directors by the Mayor, subject to confirmation by the CCSF Board of Supervisors. TIDA is currently authorized to have 11 on-site employee positions and 1 position in the Mayor's Office of Base Reuse. The employees in 10 of the 11 positions, including a position that was vacant at the time of the audit, are employed through the San Francisco Redevelopment Agency (SFRA) and are subject to the SFRA's personnel and payroll practices, but report to the TIDA executive director. The TIDA executive director who was hired in August 2004 (hereinafter referred to as the "former director") was hired under a special employment agreement as the sole employee of TIDA.¹

TIDA's approved budget for fiscal year (FY) 2005-06 is \$11.1 million, which includes \$1.2 million for salary and benefits, \$2.9 million for nonpersonnel expenses, and \$7 million for services from other departments. Although TIDA is included in the financial statements of CCSF, it is presented as a discrete component unit.² Discrete component units are considered as a separate opinion unit of CCSF. The external

¹ TIDA entered into an agency agreement with SFRA for SFRA to be the employer of TIDA employees for a one-year period, with potential extensions, until TIDA becomes the direct employer of TIDA staff. Prior to July 2004, all TIDA employees, including the executive director, were employees of the Mayor's Office of Economic Development.

² The CCSF financial statements include the financial activities of the primary government, which encompass several enterprise activities, as well as all of its component units. Component units include legally separate entities for which the primary government is financially accountable and that have substantially the same board as the City or provide services entirely to the City. Two component units, the San Francisco Redevelopment Agency and the Treasure Island Development Authority, collectively make up an opinion unit of the CCSF financial statements. These component units are legally separate entities but have some financial interdependency with the City. For reporting purposes, these entities are shown as discretely presented component units.

auditors have not performed substantive testing of TIDA's operations, as TIDA's financial statements represent only 0.3 percent of the total assets of this opinion unit.

AUDIT SCOPE AND OBJECTIVES

The audit objectives, which were approved by the TIDA Board of Directors in their adopted resolution, were to:

- Determine if TIDA is appropriately accounting for all lease revenue that it is or should be receiving and if the terms of the lease agreements are consistent for similar facilities.
- Determine if TIDA is appropriately accounting for revenue that it is or should be receiving for facilities rented for special events.
- Determine the reasonableness of TIDA's expenditures and the amount of its liability to the CCSF Public Utilities Commission (PUC).
- Determine whether recommendations have been implemented from the audit conducted by the Harvey Rose Accountancy Corporation in February 2005 (hereinafter referred to as the "Harvey Rose audit").
- Research and develop a list of alternative methods that TIDA can use to accomplish key functions (e.g., accounting, purchasing).

In addition to the audit objectives approved by the TIDA Board of Directors, the audit team was asked to verify the accuracy of calculations related to the former director's salary, benefits, retirement contributions, severance pay, and expense reimbursements. The findings related to these issues are addressed separately in Chapter 6 of the audit report.

The audit included a review of revenues and expenses during FY 2004-05 and July through October of FY 2005-06. The audit work related to the former director's salary and expenses included the period of August 5, 2004, through November 11, 2005, which was his period of employment.

The audit did not include a review of any issues specifically related to the redevelopment of Treasure Island.

METHODOLOGY

The audit included a review of a variety of background material, including meeting minutes of the TIDA Board of Directors, the organization chart, employee job descriptions, policies and procedures, interim sublease and rental agreements, and accounting records. We interviewed TIDA staff and staff in the Mayor's Office of Base Reuse. We also traced sublease and rent revenues received to the general ledger and vouched expenditures to determine their accuracy, reasonableness, and authorization.

With regard to the former director's salary and expenses, we recalculated the salary payments for the entire period of employment, with appropriate consideration given to the cost of living adjustment that became effective on July 1, 2005; medical, dental, and pension benefits; taxable fringe benefits; and expense reimbursements that did not comply with Internal Revenue Service regulations for accountable plans.

We conducted this audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

RECENT ACCOMPLISHMENTS

Audit reports are generally exception reports; that is, they report on those areas where actual performance did not meet the expected level of performance. However, during our audit work, we identified some recent accomplishments that are worth noting, particularly with regard to improving the quality of life for Treasure Island residents:

- TIDA staff are working with staff from the John Stewart Company to identify services that Treasure Island residents need to reduce attrition in the housing units, such as grocery and library services.
- TIDA staff have arranged for quarterly inspections of the island to identify facilities that need repair and to identify and address ongoing problems such as graffiti and vandalism. Representatives of TIDA, the John Stewart Company, the CCSF Department of Public Works, the CCSF Public Utilities Commission, the landscaping company, and a Treasure Island resident jointly conduct the inspections.
- TIDA staff are currently working on several marketing opportunities that are expected to increase the number of special events and tenant subleases. These include website improvements and developing a branding logo.
- TIDA staff are currently working on an RFP for preferred caterers for special events. This will improve the quality of events and reduce the clean-up and maintenance issues associated with event holders using their friends or relatives as caterers.
- TIDA staff are currently working on a project to develop a museum of historical and cultural artifacts related to Treasure Island. These items are currently owned by the Navy but are expected to be transferred to TIDA at a later date.
- TIDA staff recently developed an inventory of all facilities on Treasure Island, including information such as square footage, suitable use, condition, and factors affecting the ability to lease the building. This inventory will facilitate TIDA's ability to increase the number of tenant subleases.

CHAPTER 1

ACCOUNTING PROCEDURES

TIDA has not appropriately accounted for revenues received from interim subleases and special event rentals, causing its revenues to be overstated on its financial statements. Moreover, TIDA has not included known liabilities on its financial statements, causing its total liabilities to be understated. The combined result of the overstatement of revenues and understatement of liabilities means that TIDA does not have sufficient fund balance to meet its known liabilities. Additionally, TIDA has not followed its established procedures for authorization of expenditures, which puts its assets at risk of theft. TIDA also has made several late payments, which has resulted in some late fees, and puts TIDA at risk of damaging its credit rating.

Accounting Procedures Do Not Comply With Generally Accepted Accounting Principles

Accounting for Revenue. TIDA has not appropriately accounted for revenues received from interim subleases and rents for special events. In our tracing of revenue, we noted that nonrevenue payments are routinely booked to revenue for accounting purposes, including the payments received for refundable deposits, common area maintenance (CAM) charges, insurance premiums for special event rentals, and the Treasure Island Housing Development Initiative (TIHDI) revenue sharing agreement. These funds should not be included as revenue because they are payments that are temporarily held and either subsequently refunded or remitted to others, so they are not available to TIDA for general operations. After analyzing this revenue, we estimated that revenues should be reduced by a minimum of \$1.1 million. Following is a description of each of these nonrevenue items:

- **Deposits** – Funds temporarily held as security and refunded to sublessees/renters when the subleased/rented property is returned to TIDA in the same condition as that in which it was received; if property is damaged, the repair cost is deducted from the refund; the cost of the damage should be treated as an expense.
- **Common area maintenance (CAM) charges** – Fees collected by TIDA on behalf of the Navy under a provision of the master lease agreements and certain interim sublease agreements; tenants remit their CAM charges to TIDA along with their lease payments; TIDA is expected to forward the fees to the Navy (see below for additional discussion of CAM charges).
- **Insurance premiums** – Fees collected by TIDA on behalf of the company that provides insurance coverage for special events; TIDA remits the payment to the insurance company to buy an insurance policy for each event.

- TIHDI revenue sharing – Agreement through which TIHDI receives 40 percent of the rent paid to TIDA by the John Stewart Company (JSC) for housing units that are intended for TIHDI but subleased to JSC for market-rate residential leasing; JSC remits the net rent payments (i.e., after deducting expenses) for all leased housing to TIDA, and TIDA remits the required 40 percent payment to TIHDI.

Unreported Liabilities. We identified three sources of unreported liabilities. TIDA has been aware of two of these, the PUC charges and the CAM charges, for a number of years, but was not previously aware of the SFRA liability.

PUC Charges. The PUC operates and maintains the utilities on Treasure Island and provides water, wastewater treatment, and electricity services, but TIDA has not routinely paid all of the bills received from the PUC for these services and has not accounted for the liability on its financial statements.

One of our audit objectives was to determine the amount of TIDA's liability to the PUC by calculating the amount of service charges accrued and subtracting the payments made by TIDA to the PUC from FY 1997-98 through October 2005. The Harvey Rose audit reported the liability at approximately \$1.0 million for the previous four years when it issued its audit report in February 2004. Shortly after we began the audit, the PUC completed a calculation of TIDA's liability, reporting TIDA's total billings as \$3.7 million for the period FY 1997-98 through September 2005. During that same period, TIDA paid \$1.6 million to the PUC, which leaves a resulting liability of \$2.1 million in unpaid utility charges.

We discussed the calculation with TIDA staff, and they reviewed the calculation and concurred that the calculation was reasonable. Rather than performing a separate calculation, we created a summary of TIDA's charges, which included a cumulative balance for each fiscal year, to determine the reasonableness of the PUC's calculation. The cumulative balance for the four years included in the Harvey Rose audit was approximately equal to the \$1.0 million balance that the Harvey Rose audit report cited, so we determined that it was not necessary to perform a separate calculation.

CAM Charges. The master lease agreement between TIDA and the U.S. Navy requires TIDA to pay a fee for maintenance of the common area of the island. This fee, which is commonly referred as a CAM charge, has two rates: one that applies to undeveloped land and another for buildings. The fee is based on the total square footage that is rented, subleased, or otherwise occupied by tenants, renters, or TIDA. The Navy charged for common area maintenance only through September 2000. However, TIDA has continued to include the CAM charge provision in many of its subleases that have been amended since then and is still collecting the CAM charges on them. TIDA has never remitted the fees collected to the Navy, nor has it reported the liability on its financial statements.

The Navy estimates that the CAM charges total \$1.4 million for the period from when TIDA began managing the island assets through September 2000 when the charges were terminated. One of TIDA's employees recently completed a review of current and past interim sublease agreements to determine the periods of time that facilities were actually under lease and to calculate the appropriate amount of CAM charges that are due to the Navy. TIDA is contesting the Navy's estimated amount, and estimates the liability at approximately \$0.9 million, based on TIDA's recent analysis. However, the Navy is not obligated to accept the lower amount. It should be noted that TIDA is not required to remit CAM charges to the Navy that it has collected since October 2000.

SFRA Charges. TIDA has an agency agreement (see footnote 1 on page 2) with the SFRA that appoints the SFRA as the employing agency of TIDA staff. The agreement requires the SFRA to submit a quarterly estimate of the reimbursable amount of salaries, fringe benefits, and SFRA fees related to the administration of TIDA employee payroll and benefits. The SFRA recently began a reconciliation of the amounts collected pursuant to the quarterly estimates and actual expenses and has determined that all actual expenses have not been billed. The SFRA is in the process of computing this amount and intends to pursue collection from TIDA.

The inappropriate accounting for revenues and liabilities are ongoing problems that were addressed earlier this year in the Harvey Rose audit:

- The audit report recommended that TIDA work with the Controller's Office to set up appropriate accounting for special event deposits and to establish a ledger for tracking deposits. TIDA staff planned to address this issue after it transitioned from the city's accounting system, but after it was decided that TIDA would not purchase a new accounting system in the near future, it did not revisit the issue and continues to inappropriately account for nonrevenue payments.
- The Harvey Rose audit did not include a specific recommendation for TIDA to report its unrecognized liabilities, but instead made general recommendations regarding TIDA's need to determine its true financial status. It is noteworthy that TIDA did not make any payments to the PUC subsequent to that audit, which has caused the PUC liability to grow to the present amount of \$2.1 million.

Authorization of Expenditures

In our review of expenditures we noted inconsistencies in authorizations of invoices for payment. Of the sample of ten invoices reviewed, four contained two authorizations, four contained one authorization, and two were approved online since City staff initiated those transactions.

Two-signature authorization of expenditures is a principle of good internal control. The Harvey Rose audit included a finding that TIDA executive staff needed to be cognizant of the importance of internal controls over the purchasing and payment process. The report included a recommendation which required TIDA to ensure that at any given time,

one person is not able to authorize a transaction, record a transaction, and have physical custody of the item procured. In response, TIDA developed procedures that required two signatures to approve payment – one on the invoice by the administrative person who processes transactions for payment, and one by the finance manager on the request for payment form that is submitted to the Controller's Office. Although TIDA had developed procedures that included the principles of good internal control, it was not following its established procedures.

Late Payments

The audit team noted several instances in which TIDA paid bills late. For example, we observed a late lease payment for the 2004 Lincoln Aviator for which TIDA had to pay a \$50 late fee. In addition, TIDA had past due premium payments for automobile insurance obtained for the former director and deputy director.

Impact

Accounting Procedures. TIDA's accounting practices do not comply with generally accepted accounting principles and have caused its revenues to be overstated and its liabilities to be significantly understated on the financial statements. These reporting errors have resulted in misleading reports to the TIDA Board of Directors regarding TIDA's financial position. Although we don't know the exact overstatement of revenues or understatement of liabilities, TIDA clearly does not have sufficient fund balance to meet its known liabilities at this time. TIDA reported net assets (i.e., fund balance) of \$2.0 million at the close of FY 2003-04, which did not include the outstanding liabilities to the PUC and the Navy. Additionally, the unaudited financial statements for FY 2004-05 show that TIDA received \$8.8 million in revenues but spent \$9.7 million, representing deficit spending of \$0.9 million. Combining last year's fund balance with this year's unaudited deficit means that TIDA is at least \$2.3 million short of what it needs to pay its liabilities.

By including nonrevenue payments as revenue, TIDA cannot determine if it is fully recovering its costs through interim subleases and rental agreements. It also cannot determine if it has met the performance measures submitted with its proposed budget, all of which are based on net revenues.

At the point where TIDA becomes subject to the Tidelands Trust, TIDA's failure to properly account for its transactions may cause it to be out of compliance with the trust provision that requires careful tracking of revenues. Additionally, continuing to overstate revenues may have two effects: (1) When TIDA becomes subject to the Tidelands Trust, it may appear that TIDA must spend more than its actual revenues to satisfy the trust provision to use all revenues generated by the trust for the benefit of the trust; (2) If the transfer of Treasure Island occurs under a No-Cost EDC, it may appear that TIDA must spend more than its actual revenues to satisfy the No-Cost EDC requirement to reinvest certain revenues into redevelopment activities.

Authorization of Expenditures. Strong internal controls and appropriate accounting procedures are essential for financial stability in an organization. Strong internal controls are also the foundation for fraud prevention. In this sense, TIDA's failure to follow its established procedures for authorization of expenditures overrides the internal controls that are intended to protect TIDA's assets from risk of theft.

Late Payments. With regard to late payment of bills, TIDA is at risk of damaging its credit rating, as well as incurring late payment penalties. In addition, late payment of insurance premiums puts TIDA at risk for policy cancellation.

It is likely that these accounting issues have occurred because none of the TIDA job descriptions require any of TIDA's staff to have a solid knowledge of generally accepted accounting principles or internal controls. Having staff with such knowledge could have prevented many of these errors from occurring.

Recommendations

The TIDA Board of Directors should direct TIDA management to:

1. Work with the Controller's Office to ensure the appropriate accounts are used to record the asset and liability of refundable deposits, the insurance premium collections, and the revenue sharing agreement with TIHDI.
2. Review all financial transactions for the past two fiscal years and make all appropriate adjustments to accounting entries.
3. To prepare for the eventual implementation of the Tideland Trust and the possible implementation of the No-Cost EDC, review its expenditures for compliance with the provisions of both mandates.
4. Establish accounting procedures that comply with generally accepted accounting principles and represent strong internal controls. Conduct periodic spot checks of processed invoices to ensure that it is routinely following its established procedures for processing invoices, including procedures for signatures and timely payment.
5. Negotiate payment plans with the PUC and the Navy to settle the outstanding debts, submit the plan to the board for approval, make payments according to the approved plan, and begin remitting timely payment for future PUC billings as they are received.
6. Identify and make a list of all interim subleases that currently include a CAM charge provision and ensure that the provision is deleted from future amendments to the subleases. Determine if the provision should be replaced with a similar provision for the utility maintenance services provided by the PUC.

CHAPTER 2

STAFFING

TIDA's current staffing level and the position classification structure are not appropriate for accomplishing its current mission. Both the skill mix and the number of staff do not meet TIDA's current needs to effectively fulfill its mission, the classifications for certain positions overstate actual responsibilities, the salaries for certain positions are excessive when compared to actual responsibilities, the lines of responsibilities are unclear, and there are some instances of overlap. Additionally, the actual tasks performed by staff do not always match what the job description states as the duties of a position, and we observed several instances of inefficiencies in the assignment of duties among staff. Further, TIDA does not have an annual work program, so there is no general planning regarding the work required or actually performed.

The Harvey Rose audit also expressed concerns with TIDA's job descriptions, delegation of responsibilities, and ability to transition to being the direct employer of TIDA staff. The audit stated that TIDA needed to develop a needs assessment and alternatives for how it can perform its functions, and that these issues needed to be "resolved before reaching a crisis." It specifically recommended that TIDA develop new job descriptions and clear lines of responsibility for each position based on TIDA's objectives. Although TIDA developed alternatives for how it could perform its functions, the assessment was based on maintaining its current staffing structure. TIDA did not implement the recommendations to develop new job descriptions and clear lines of responsibility for each position.

TIDA positions are classified under the SFRA's personnel system. To gain an understanding of the tasks that employees perform to fulfill TIDA's mission, we reviewed copies of employee job descriptions provided by TIDA staff, the job descriptions used by the SFRA to recruit for TIDA positions,³ and the job descriptions that TIDA included in its FY 2005-06 budget submittal. Each set of job descriptions was different, and the set included in the budget submission did not appear to have gone through the SFRA classification process. We also interviewed TIDA staff regarding the tasks they actually perform to identify differences between what was stated in the job descriptions and what the employees identified as their responsibilities, as well as overlaps in responsibilities.

Based on our observations of workload, tasks actually performed by staff, and current job descriptions, we believe that consolidating job responsibilities and reducing the overall number of positions at TIDA would improve organizational efficiency, help TIDA better achieve its current mission, and promote a successful transition to being the direct employer of its staff. For example:

- Many of the financial tasks are transactional in nature and are performed by one of the staff associate positions. It is not necessary to have a finance manager to

³ The job descriptions used for recruitment of TIDA staff are considered the operating job descriptions.

oversee these transactions and there is not sufficient workload to justify both a finance manager and someone to process the transactions. Further, none of the job descriptions require any of the staff to have an understanding of either generally accepted accounting principles or internal controls, and none of the financial staff have these skills, which has resulted in numerous accounting errors (see related discussion in Chapter 1).

- Special events are not efficiently managed. The primary responsibility of the events coordinator is to process the paperwork to schedule events.⁴ The events coordinator works directly with customers who are interested in renting a special event venue, providing much of the same information that is available on TIDA's website, including venue rates and other fees, the application process, and event rules; schedules contract staff to oversee the event; and coordinates for other services as necessary, including janitorial, garbage, police, and fire services. The volume of events and required tasks for each event do not justify having a full-time person for this work as there were a total of only 174 events in FY 2004-05 -- an average of 14.5 per month or 3.3 per week. Improving the website by providing additional information about each venue, including, for example, a virtual tour or additional photos, a calendar showing date availability, and a web-based application process, would achieve efficiencies for this function. Further, much of the work for this position is clerical or administrative in nature, but the position is paid at a professional level.
- The responsibilities for marketing buildings for interim subleasing and special event rentals could be combined with the responsibilities for interim subleasing and rental of buildings. These functions are currently spread among three staff. Some of the nonresidential buildings that are currently vacant can be subleased, but many cannot for reasons of building safety and condition. This restriction, along with the fact that subleases can only be executed for one year at a time, limits the number of marketing and subleasing opportunities. We believe that TIDA could achieve efficiencies by combining the management of special events, interim subleasing functions, and overall marketing functions into a single position.
- A deputy director position is not needed. This position was vacant for a long period before the current incumbent was hired. The incumbent used vague language to describe what he did and described his primary responsibilities as communications and supporting the executive director. He did not describe any specific responsibilities that clearly indicated a need for a deputy director.

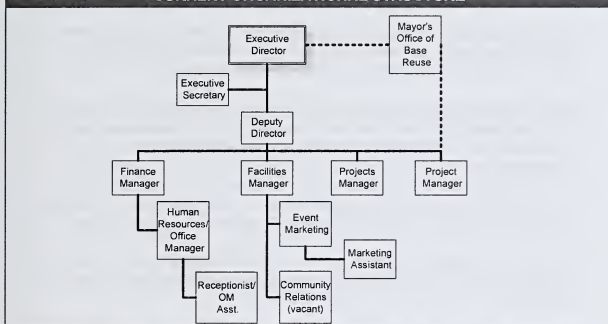
Some of the inefficiencies in TIDA's workload may result because there is no annual work program to set goals and expectations for staff regarding what they should accomplish during the year. For an organization such as TIDA, one would expect to see

⁴ The events coordinator schedules and processes the paperwork for special events but does not staff the events. TIDA has contracts with outside staff who open and close event sites and remain on site throughout each event. The contract staff monitor the event and contact the appropriate people in case of an emergency. Event holders are responsible for planning all other aspects of their event.

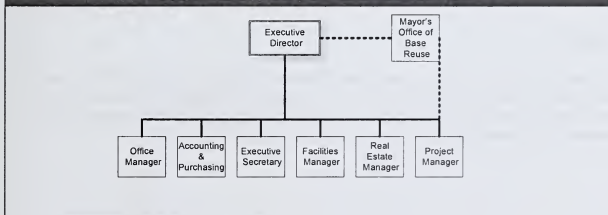
a work program that would identify specific projects to prepare and guide them through the transition process until the Navy transfers ownership of the land.

We did an analysis of the job functions currently performed by the on-site TIDA employees. Our analysis did not include the project manager position located in the Mayor's Office of Base Reuse because of the nature of the work performed by that position. The following charts show the current organizational structure and one potential option for how TIDA could be reorganized based on our analysis. It should be noted that although our analysis represents one example of a potential organizational structure, the TIDA Board of Directors may want to conduct additional analysis before determining a final organizational structure. It should also be noted that before any actual changes in position classifications occur, TIDA would have to meet and confer with the unions that represent TIDA employees.

CURRENT ORGANIZATIONAL STRUCTURE



POTENTIAL OPTION FOR REORGANIZATION



Under this example, we anticipate that the SFRA would continue to provide human resource and payroll services and would also develop TIDA's annual budget until the Navy transfers ownership of Treasure Island or TIDA becomes the direct employer of its staff. We anticipate that a reassessment of staff responsibilities would be necessary at that time based on TIDA's new mission and to determine whether TIDA should become the employer of record, whether it is more cost effective and efficient to continue having the SFRA be the employer of TIDA staff, or whether it should explore other options for management of TIDA staff. The following summarizes what we anticipate as the primary responsibilities for each position under the organizational structure proposed in our example (excluding the project manager position that was not included in our analysis):

- Director – Overall management of TIDA, interaction with the TIDA Board of Directors, interface with the Mayor's Office of Base Reuse regarding all activities related to interim and long-term planning and redevelopment, represent TIDA before governmental bodies, monitor legislation affecting TIDA.
- Facilities Manager – Manage property under TIDA's jurisdiction in accordance with the cooperative agreement with the Navy, evacuation and emergency planning, interface with CCSF regarding municipal services.
- Real Estate Manager – Market and manage interim subleases for tenants and rental agreements for special events, manage the sublease agreement with the residential property management company, oversee interim master leases with the Navy.
- Accounting and Purchasing – Purchasing and contract administration; oversee budget, fiscal matters, and risk management; maintain accounting records.
- Executive Secretary – Secretary to the TIDA Board of Directors and Citizens' Advisory Board, oversee community meetings, general administrative support to the office.
- Office Manager – Receptionist and general office administration, network and website maintenance.

Impact

We estimate that TIDA could save at least 40 percent (approximately \$475,000 annually) of its current salary and benefit expenditures by realigning the responsibilities among fewer staff and revising its classification and salary structure. The actual savings would depend on the classification and salaries after a reorganization of TIDA.

Recommendations

The TIDA Board of Directors should implement the following recommendations to achieve efficiencies in TIDA staffing:

7. Make a final assessment regarding TIDA's current staffing needs and organizational structure and direct TIDA management to pursue a reorganization, including reducing its current staffing and reclassifying positions as appropriate, based on TIDA's current mission and functions. The reorganization should ensure that TIDA's staff have qualifications appropriate for the functions currently needed, with special emphasis on hiring accounting staff with knowledge of generally accepted accounting principles and internal controls. A reassessment should be made after the land transfer to determine an appropriate organizational structure and staffing level based on TIDA's new mission at that time and whether TIDA should become the employer of record of TIDA staff.
8. Direct TIDA management to improve the TIDA website by providing additional information about event venues, such as additional photos and virtual tours; a calendar of available dates, and a web-based application process.
9. Direct TIDA management to coordinate with the Mayor's Office of Base Reuse to develop an annual work program that identifies specific projects to be completed each year, including expected outcomes (i.e., work products) and who is responsible. The work program should focus on projects to maintain current operations, as well as those that will facilitate the transfer of ownership from the Navy.

CHAPTER 3

INTERIM SUBLEASES AND RENTAL AGREEMENTS

TIDA has not established procedures to monitor interim sublease agreements on a regular basis, particularly the interim sublease agreement for housing, which provides TIDA's largest source of revenue. It also has not established procedures for determining rates for special event set-up days or discounted rentals, nor has it required insurance coverage for set-up days for special events. As a result, TIDA may not be fully recovering its costs for interim subleases and rentals and may have given an appearance of preferential treatment to a party with whom TIDA has a contractual relationship. TIDA is also putting itself at risk by not requiring insurance coverage for set-up days for special events.

Interim Sublease Compliance Monitoring and Rental Rates

Sublease Compliance Monitoring. TIDA has entered into approximately 24 commercial subleases⁵ with various for-profit and nonprofit organizations. The subleases require compliance with the provisions stipulated in the master leases. These stipulations can include, but are not limited to, calculation of net revenue payable to TIDA, permitted use, sublease termination period, rent credits,⁶ insurance requirements, and compliance with the Treasure Island Housing Development Initiative (TIHDI). No one is monitoring these sublease agreements to ensure that the subtenants comply with the sublease terms or to confirm that the amount of rent being paid is correct. In four subleases the amount of rent received per month does not match the rent amount stated in the sublease agreement. In one case, TIDA staff explained that the person responsible for leasing had not informed the person who collects the rents that the board had approved a sublease amendment to increase the rent. TIDA staff did not provide reasons for the other three instances of rent differences. Five subleases had previously expired and were not renewed by amendment, although they are still being subleased. In addition, some of the older subleases do not contain a deposit requirement although they have been amended since deposits were required. Also, the amount of the required deposit as a factor of monthly rent fluctuates. Standardization of procedures is essential when acting in any fiduciary capacity to preserve the appearance of independence and fairness. TIDA staff had not previously identified these issues because the sublease agreements were not being monitored. The break in monitoring and communication that currently exists jeopardizes the fiduciary role that TIDA has assumed on behalf of the Navy.

TIDA has entered into a contract with the John Stewart Company (JSC) to manage the residential housing on Treasure Island. JSC collects rent and utility payments from

⁵ The interim subleases between TIDA and commercial tenants are referred to as subleases because the master leases for these facilities are between TIDA and the U.S. Navy.

⁶ Rent credits are a rent discount provided to some tenants in exchange for the tenant performing certain repairs to the building being subleased.

residential tenants, deducts the cost of maintenance and repairs from the gross rent collections, and remits the net rent revenue to TIDA each month. TIDA staff reported that the occupancy rate of the residential housing units has been fairly stable; however, we noted monthly fluctuations in net revenue that were not explained in the submissions from JSC. The Harvey Rose audit cited a concern that TIDA was not monitoring the revenue, occupancy rates, or questionable expenditures to verify contract compliance and the accuracy of payments received from JSC despite this being the largest single revenue source for TIDA. The audit included two recommendations to correct this deficiency, but TIDA is not yet monitoring JSC's performance.

Rental Rates. We selected a sample of 25 files from a population of 212 to review regarding rental rates charged for special events. Within the sample, we noted two issues that do not ensure that TIDA is fully recovering the costs it incurs related to rental of facilities for special events. The first issue was that TIDA sometimes charges fees for set-up days, but it does not have a predetermined rate for set-up days. We also noted that TIDA did not require insurance coverage for those set-up days. The second issue was that TIDA rented a facility "at cost," but it does not have a procedure for determining what its at-cost rates should be.

- There were two instances where the rental agreement included set-up days. The per-day set-up fees were \$850 for one event and \$2,500 for the other. The schedule of event venue rates does not include rates for set-up. Rather, TIDA determines these rates on a case-by-case basis, factoring in the number of days requested for set-up and the rental fee being paid for the actual event.

We also noted that TIDA did not require the event holder to provide insurance coverage for the set-up days. According to the CCSF risk manager, insurance coverage should be provided not just for the events, but also for the event set-up times or any other activity associated with an event.

- In June 2005, TIDA rented the Casa de la Vista facility at a deeply discounted rate to JSC, which holds the property management contract for housing on the island. The published rental fee for this venue is \$2,750 for a minimum of eight hours, with a \$550 (20 percent) discount for nonprofits. JSC was charged only \$300 for five hours, which is a discount of \$2,450 (89 percent) off the published rate. JSC also was not required to provide the required security deposit, which is 50 percent of the rental fee. TIDA determined that JSC was meeting to discuss issues affecting island residents and calculated a rate to include only the actual costs of the event, such as cleaning and refuse removal. However, there are no criteria to determine when "at-cost" rentals are allowed, what costs should be recovered through such a rental, or the specific amount of those costs. It should be noted that during our separate review of revenue adjustments, we identified two additional instances when JSC rented the Casa de la Vista for \$300 per rental.

Impact

- Failure of TIDA to monitor its interim lease agreements could result in reduced revenue to TIDA, expired leases, uninsured properties, and noncompliance with the terms of the master leases with the Navy. The irregularity in the amount and collection of deposits for subleases could appear preferential.
- The lack of a stated policy to determine the rates for set-up days or at-cost rentals could cause a variety of rates to be charged, which may appear more favorable to one event holder than to another. Additionally, because there are no established criteria for determining set-up fees or the cost of operating an event venue, TIDA does not have assurance that it is fully recovering its costs for these rentals.

The discount given in this instance not only had the effect of reduced revenues for TIDA, but also may have given an appearance of preferential treatment to a party with whom TIDA has a contractual relationship.

- Failure to require insurance coverage for event set-up days puts TIDA at risk because it may be held liable in the event that an accident or injury occurs during the set-up time.

Recommendations

The TIDA Board of Directors should direct TIDA management to:

10. Designate an individual to be responsible for monitoring compliance with the terms of the lease agreements and establish procedures to ensure that the monitoring is performed. The procedures should include a requirement to report the results of monitoring to the TIDA Board of Directors on a monthly or quarterly basis.
11. Perform audit procedures on the monthly revenue reconciliation submitted to TIDA by JSC. These audit procedures could include but are not limited to recalculating the monthly revenues, spot inspections on the occupied and unoccupied units, and visual inspection of capital expenditures.
12. Formulate a calculation, using the total rental fee and the number of set-up days requested, to determine a fair rental rate that can be used in each case where a set-up day is requested. TIDA should add the fee to the official schedule of event venue rates.
13. Develop policies and procedures for at-cost rentals, including instructions for calculating at-cost rates and identifying criteria for when at-cost rentals are allowed.

14. Obtain information regarding insurance coverage for set-up days and begin requiring event holders to provide insurance coverage for all activities related to special events.
15. Establish procedures for calculating deposits for interim subleases and apply the requirement for deposits equitably to all future subleases, whether they are renewals by amendment or new subleases.
16. Establish procedures to ensure that information regarding new or amended subleases is communicated to all appropriate staff to ensure that the correct deposit and rent amounts are collected.

CHAPTER 4

IMPLEMENTATION STATUS OF AUDIT RECOMMENDATIONS FROM THE HARVEY ROSE ACCOUNTANCY CORPORATION

The Harvey Rose Accountancy Corporation conducted an audit of TIDA that culminated in a February 2005 report that contained 28 recommendations to improve significant weaknesses in internal controls and business processes. At the meeting of the TIDA Board of Directors on June 8, 2005, TIDA's finance manager reported that 17 of the recommendations had been implemented and the remaining 11 would be implemented within six months. However, according to our review, TIDA has fully implemented only 6 recommendations, partially implemented 16 recommendations, and had not implemented the remaining 6 recommendations as of the end of October 2005. Below is a summary of the audit recommendations and their status; a detailed report of the status is included in Appendix A.

Recommendation	Status Reported by TIDA Staff at Board Meeting, June 8, 2005	Controller's Analysis of Status as of October 2005
1. Review revenues and expenditures, reestablish management controls over the budget	Implemented	Partially Implemented
2. Reduce spending/liquidate encumbrances for contractual services	Implemented	Implemented
3. Establish a process for calculating and remitting payroll funding	Implemented	Implemented
4. Address transition to direct employment	Implemented	Partially Implemented
5. Establish segregation of duty controls over purchases	Implemented	Partially Implemented
6. Organize vendor files	In Process	Implemented
7. Develop policies and procedures for monitoring work orders	In Process	Not Implemented
8. Direct the facilities manager to monitor the work order with the Department of Public Works	Implemented	Partially Implemented
9. Direct the deputy director to monitor the work order with the City Attorney	Implemented	Partially Implemented
10. Develop policies and procedures for fixed asset tracking and monitoring	In Process	Not Implemented
11. Inventory all Navy assets	Implemented	Partially Implemented
12. Develop policies and procedures for managing and monitoring the Navy's assets	Implemented	Not Implemented
13. Secure all keys	Implemented	Partially Implemented
14. Develop a plan for management and monitoring of Navy facilities	In Process	Partially Implemented
15. Establish responsibility for timely monitoring of revenue receipts	In Process	Partially Implemented
16. Establish procedures to verify that checks and cash have been deposited	In Process	Implemented

Recommendation	Status Reported by TIDA Staff at Board Meeting, June 8, 2005	Controller's Analysis of Status as of October 2005
17. Establish procedures to accept payments only by check	Implemented	Implemented
18. Update policies and procedures regarding cash receipts	In Process	Partially Implemented
19. Regularly reconcile special event payment records	Implemented	Partially Implemented
20. Assign responsibility for the finance manager to become expert in the financial specifications of the John Stewart Company contract and to monitor financial compliance	Implemented	Partially Implemented
21. Assign responsibility for the facilities manager to become expert in the operating specifications of the John Stewart Company contract and to monitor operating compliance	Implemented	Partially Implemented
22. Assign responsibility for the finance manager to become expert in the financial specifications of the TIHDI revenue sharing agreement and to monitor financial compliance	Implemented	Partially Implemented
23. Develop policies and procedures for managing professional services contracts	In Process	Not Implemented
24. Direct the finance manager to develop spreadsheets to conduct financial analysis and monitor the budget	In Process	Implemented
25. Direct the finance manager to correct and complete prior year financial spreadsheets	In Process	Partially Implemented
26. Set up appropriate accounting for special event deposits	Implemented	Not Implemented
27. Develop new job descriptions and clear lines of responsibility for each position	Implemented	Partially Implemented
28. Develop goals and objectives for each staff	In Process	Not Implemented

Impact

As discussed throughout this audit, fully implementing all of the recommendations from the Harvey Rose audit would have prevented some of the findings that are again presented in this audit report.

Recommendations

17. The TIDA Board of Directors should direct TIDA management to complete implementation of all of the recommendations provided in the Harvey Rose audit, report to the board monthly on the status of each recommendation, and provide documentation identifying the specific actions taken to implement each recommendation. For recommendations that involve assignment of responsibility, the report to the board should include details regarding how the responsibility is being fulfilled. If TIDA management determines that it will not implement a specific recommendation, it should inform the board as to why and provide an alternative course of corrective action.

CHAPTER 5

QUESTIONABLE EXPENDITURES

Several of TIDA's expenditures do not appear to be reasonable or in compliance with TIDA's fiduciary responsibility to spend revenues for the benefit of interim TIDA activities. Additionally, several of these expenditures occurred even though TIDA had been using its fund reserves to balance recent budgets.

Questionable Expenditures

We identified several expenditures that appeared questionable, as follows:

Sound Equipment. In October 2004, TIDA purchased used sound equipment from the San Francisco County Transportation Authority for \$777.94. The equipment included a dual deck DVD-R/-RW and VHS recorder, a digital audio (MP3) player, and speakers. All of the correspondence associated with this purchase indicates that it was for the former director although it was paid for with TIDA funds. Audit staff were not able to locate the equipment, and the interim director was also unable to locate the equipment, even after questioning all of the TIDA staff. It is questionable that this purchase should have occurred since it does not appear that it was made for the benefit of TIDA activities.

The Harvey Rose audit included a finding and recommendation that TIDA needed to improve its asset management procedures, including maintaining an inventory of its fixed assets and establishing policies and procedures for fixed asset tracking and monitoring. Although the audit was completed after this equipment was purchased, the lack of adequate procedures over its fixed assets prevented TIDA from identifying that the sound equipment was no longer on site.

Sport Utility Vehicle. In December 2004, TIDA leased a 2004 Lincoln Aviator sport utility vehicle at a gross capitalized cost of \$43,413. The former director was the exclusive user of this vehicle from the time it was leased until he turned it in to TIDA approximately three weeks after his termination. There are two factors that raise a question as to whether this expenditure should have occurred:

- The first is a question of reasonableness – the value of the vehicle appears excessive considering that the former director's business transportation needs were primarily between Treasure Island and City Hall. A Lincoln Aviator is considered to be a luxury vehicle, and because it requires supreme fuel (i.e., 91 octane), it has higher operating costs than a standard vehicle.
- The second is a question of whether the vehicle was even needed – the former director already had access to a 2001 Ford Explorer that TIDA owned. The Explorer had just over 28,000 miles and was fully serviceable.

TIDA management has limited options for disposing of the Aviator. The terms of the lease agreement for the Aviator do not allow the lease to be terminated prior to the lease expiration date, December 15, 2007. If TIDA wants to turn in the vehicle, it would still be liable to the leasing company for the remaining lease payments, which were just over \$21,000 as of mid-November 2005. Alternatively, TIDA could purchase the vehicle outright, which would cost just over \$30,000, plus sales tax, a safety inspection fee, a title transfer fee, and dealer transaction fees. However, if TIDA decided to purchase the vehicle, it could then turn around and sell it on the open market to recoup some of its costs. As of mid-November, the private party resale value of the Aviator, as listed in Kelley Blue Book, was \$30,135.

Fuel Charges. San Francisco Central Shops assigned a fuel key to the Ford Explorer owned by TIDA. For our review of employee expenditures, we asked CCSF Central Shops for a copy of the fuel usage report for the Explorer. The fuel report lists the purchase date, time, vehicle mileage, location where fuel was purchased, fuel pump number, type of fuel purchased, amount of fuel purchased, and the dollar amount of fuel purchased. City fuel keys are linked to specific vehicles, and the employee filling the vehicle must enter the vehicle's mileage when purchasing fuel. The system is supposed to deny the employee from purchasing fuel if the mileage does not appear appropriate for the particular vehicle.

During our review, we noted two questionable fuel purchases made while the Explorer was assigned to the deputy director of TIDA for his exclusive use. In both instances, the fuel key was used twice in a single day, indicating that fuel may have been obtained for vehicles other than the Explorer:

- On June 27, 2005, the fuel key assigned to TIDA's Ford Explorer was used at 17:51 (5:51 p.m.) and again, three minutes later, at 17:54 (5:54 p.m.), both at the same location. In both instances, the mileage entered was 37,072. The first purchase was for 12.4 gallons of fuel, and the second purchase was for an additional 9.7 gallons, for a total of 22.1 gallons. The manufacturer's specifications for the Ford Explorer show that the approximate fuel tank capacity is 17.5 gallons, which is less than the total amount of fuel pumped. This indicates that the fuel key was used to obtain fuel for another vehicle.
- On September 9, 2005, the fuel key assigned to the Ford Explorer was used at 13:53 (1:53 p.m.) and again at 19:04 (7:04 p.m.), both at the same location. The mileage entered for the first purchase was 38,340, which is consistent with the previous purchase made on September 2, 2005, when the mileage was entered as 38,214. The employee purchased 10.8 gallons of fuel for a total cost of \$31.10. The mileage entered for the second purchase was 9,904, and the purchase was for 18.0 gallons of fuel at a cost of \$51.84, which again exceeded the fuel tank capacity for the Explorer. The combination of the inconsistent mileage and the excessive amount of fuel purchased again indicates that the fuel key was used to obtain fuel for another vehicle.

Expense Reimbursements. The former director requested expense reimbursements for items of questionable reasonableness, including:

- Frequent fill-ups of fuel for the Lincoln Aviator leased on his behalf totaling \$2,073.51 over his employment period. The former director did not keep adequate records, as required by the IRS, to identify how much of the fuel was used for business purposes and how much was used for personal purposes. The audit team's analysis of the former director's receipts indicates that the former director drove the vehicle to and from home, as two of the gas stations the former director frequently used are the two closest stations to his home, as confirmed by online mapping tools.

In addition, the audit team identified two instances in which it appears that the former director sought reimbursement for fuel for vehicles other than the Lincoln Aviator. For example, the former director submitted two receipts for gasoline on May 21, 2005. The two receipts were submitted as a single line item on the expense reimbursement form, which gave the appearance of fitting the former director's usual fuel purchase total. However, the amount of fuel purchased was not the former director's usual amount. In addition, the transactions were paid for with two different credit cards – one with the former director's usual credit card, and the other with a different credit card. Both receipts were submitted for reimbursement and approved by TIDA's finance manager, but one of the receipts was ultimately denied for payment by the Controller's Office when the expense reimbursement form was submitted for processing.

- A dinner meeting for the former director and four other individuals totaling \$445.37. This expense was approved by TIDA's deputy director, and the former director was reimbursed in full for the expense. The expense for this meal was incurred before the Harvey Rose Accountancy Corporation recommended in its audit report that TIDA develop written policies and procedures to ensure that its purchases were "prudent and not excessive in cost." A standard guideline for determining the reasonableness of expenses is the per diem rate for a given metropolitan area. The audit team consulted both IRS and Runzheimer⁷ per diem rates to determine their recommended reimbursement amounts for purchasing dinner in San Francisco. The per person amount paid for this meal, \$89.07, is excessive when compared to either the federal per diem rate of \$51.00 or the Runzheimer rate of \$44.01.
- A \$50 parking ticket for leaving the Lincoln Aviator for more than half an hour in a five-minute limit parking zone. TIDA's deputy director approved the parking ticket for reimbursement, but the Controller's Office subsequently denied the request for reimbursement when it was submitted for processing.

⁷ Runzheimer International is a Rochester, Wisconsin-based company that publishes the widely-used *Runzheimer Guide to Daily Travel Prices*, which sets standards for travel reimbursements.

- Travel expenses for both actual expenditures and additional "per diem" amounts. In general, organizations adopt a set method for reimbursing employees for expenses employees incur when they travel out of town for business purposes. Frequently used methods for reimbursing travel expenses are the "per diem" method, which provides an employee with a set reimbursement amount to cover meals and incidental expenses regardless of how much the employee actually spends; the actual expenses method, which requires an employee to submit receipts for actual costs incurred; and the actual expenses up to the per diem amount method, which requires an employee to submit receipts for actual costs incurred, but sets a limit on the maximum amount of reimbursement the employee can receive.

The former director used a mix of methods for reporting his travel expenses, sometimes claiming a flat per diem amount, sometimes requesting reimbursement for actual expenses, and sometimes requesting reimbursements for both per diem amounts and actual expenses for the same day. In addition, the audit team observed instances in which the reimbursement requests for per diem amounts were too high because they were not adjusted for partial days of travel or meals that were provided as a part of a conference.

Cellular Phones. TIDA contracts for cellular (cell) phone service through the CCSF Department of Telecommunications and Information Services (DTIS). As of September 18, 2005, TIDA was paying for service on eleven cell phones. TIDA currently provides individual cell phones to eight of its employees, and also provided a cell phone to the former director during his employment at TIDA. Each month, TIDA's receptionist distributes the cell phone bill details to all cell phone users, who are responsible for reviewing their bills for personal usage and reimbursing TIDA accordingly.

The audit team observed the summary information for billing periods beginning July 15, 2005, and ending October 14, 2005. The invoice totals for the months observed were all over \$500, with one month totaling \$571. In addition, several employees' use of their phones was greatly in excess of the number of minutes in their plans, which may indicate personal use of TIDA cell phones. For instance, one employee who is on a 600-minute shared plan used 2,763 minutes in one month. Note that because TIDA's cell phone plan pools the minutes for several phones, the excess minutes did not result in additional charges. However, TIDA staff regularly incur charges in addition to the regular monthly plan charges for directory assistance calls and text messages. Considering the nature of TIDA's current operational needs and the nature of the employees' work, TIDA's cell phone usage seems excessive both with regard to the number of employees who have phones and the number of minutes used.

The audit team also noted that TIDA does not keep a full copy of each monthly cell phone bill for its records. The receptionist distributes the original detail pages that list calls made and services used to the individual cell phone users, and only keeps the summary pages for the TIDA files.

Impact

- At the point where TIDA becomes subject to the Tidelands Trust, the California State Lands Commission could impose sanctions with regard to future expenditures that do not comply with the trust requirement that revenues generated from the trust lands be used for trust purposes. If the transfer of Treasure Island occurs under a No-Cost EDC, the Navy could potentially request reimbursement of future expenditures that are not related to redevelopment activities, which may result in TIDA double-paying for some purchases.
- Fuel keys could be fraudulently used because the fuel key system allows a key to be used for vehicles other than the vehicle to which it is assigned.
- The former director submitted expense reimbursements for items of questionable usefulness and reasonableness. The former director's subordinates (the finance manager and the deputy director) approved the majority of these reimbursement requests for payment. In two instances observed by the audit team, the former director approved his own reimbursement requests. We also observed instances in which the finance manager approved his own expenses. It is a principle of good internal control that a superior approve employee expense reimbursements. In the case of an executive, expense reimbursements should be approved by someone above and independent of the executive to ensure that expenses are reasonable and incurred for legitimate business purposes.
- TIDA does not have policies and procedures in place governing expense reimbursements. This leaves TIDA vulnerable to paying for expenses of questionable usefulness or reasonableness.
- TIDA does not have policies and procedures in place governing travel expense reimbursements, which leaves TIDA vulnerable to overpaying for employee travel amounts that are not adjusted for partial travel days, meals that are provided to employees at no cost, and meals that exceed per diem rates.
- TIDA does not have policies and procedures in place governing cell phones. This leaves TIDA vulnerable to unnecessarily high expenses for cell phones that are not needed for current operational needs, excessive use of additional-cost services like directory assistance, and personal use of cell phones. It is good business practice to closely monitor cell phone needs and usage, as overage and additional service charges can be substantial.

Recommendations

The TIDA Board of Directors should:

18. Direct TIDA management to implement the Harvey Rose audit recommendation to develop written policies and procedures for fixed asset tracking and monitoring and create an inventory of existing assets.
19. Determine whether TIDA should or should not keep the Lincoln Aviator. If the TIDA Board of Directors determines that TIDA should not keep the vehicle, it should direct TIDA management on what to do with the vehicle.
20. Require TIDA management to establish internal controls over use of the fuel key and regularly (e.g., quarterly) review the fuel usage reports to ensure that fuel purchases are reasonable and are only being made for the appropriate TIDA vehicles.
21. Designate a member of the Board of Directors to approve expense reimbursements for future TIDA directors. An appropriate individual for this responsibility would be the outside Chief Financial Officer who serves on the TIDA Board of Directors.
22. Direct TIDA management to establish written policies and procedures for:
 - Evaluating individual purchases to ensure that they are reasonable and related to the interim activities that TIDA is allowed to perform under the master leases with the Navy.
 - Expense reimbursements, including documentation requirements, who approves reimbursements, expenses that are eligible and ineligible for reimbursement, and guidelines on expense reasonableness.
 - Travel reimbursements, indicating whether expenses will be reimbursed on a per diem basis, on the basis of actual expenses, or on the basis of actual expenses up to the per diem limit. If per diem rates are included as a part of TIDA's policy, the policies and procedures should clearly indicate the substantiation method and transition rules in accordance with IRS regulations for accountable plans.
 - Cell phone purchase and use, in keeping with best practices for cell phone policy manuals. At a minimum, the policies should include identification of employees whose job responsibilities necessitate cell phones, rules regarding excess charges, assignment of responsibility for reviewing cell usage, and rules for personal use of phones.

CHAPTER 6

PAYROLL AND EMPLOYEE REIMBURSEMENTS

TIDA has not performed appropriate oversight, management, or reporting of personnel-related issues, including salaries, pension, fringe benefits and expense reimbursements reportable to the IRS, and employee attendance. A lack of understanding of payroll issues resulted in incorrect payments of salary to the former director, underreporting of employee income for IRS tax purposes, and overreporting of the former director's income for pension contribution purposes. These errors were generally in the favor of the former director. In addition, insufficient monitoring and enforcement of attendance policies for the former director and TIDA staff contracted through the SFRA has resulted in employee leave in excess of standard expectations.

The audit team was asked to verify the accuracy of calculations related to the former director's salary, benefits, retirement contributions, severance pay, and expense reimbursements. The former director's salary and benefits were set forth in his employment agreement with TIDA dated August 4, 2004. In addition, the TIDA Board of Directors adopted several resolutions clarifying its intent to provide, at no cost to the former director, health benefits through the CCSF Health Service System⁸ and pension benefits through the California Public Employees' Retirement System (CalPERS).⁹ Major features of the former director's employment agreement included:

Salary	\$159,998 for FY 2004-05, subject to an annual cost of living increase during the period of employment (effective 7/1/2005).
Health Benefits	Provided to the former director and his family through the CCSF Health Service System, at no cost to him.
Pension	Provided through CalPERS. TIDA Board of Directors resolution clarified that employee and employer portions of pension contributions were to be provided by TIDA at no cost to the former director.
Vacation	Four weeks of paid vacation per year.
Termination of Agreement (Severance)	<p>Employment agreement can be terminated without cause at any time with 30 days advance written notice.</p> <p>In the case of termination without cause, the former director would be entitled to the lesser of 18 months of salary, or the amount equivalent to the salary that would have been paid in the remaining term of the agreement, which was scheduled to expire January 8, 2008.</p> <p>In addition, TIDA is required to provide the former director with health benefits for 18 months or the remaining term of the agreement, whichever is less.</p>

⁸ Resolution 04-192-9108 adopted and approved September 8, 2004 by the TIDA Board of Directors.

⁹ Resolution 04-195-10/13 adopted and approved October 13, 2004 by the TIDA Board of Directors.

The audit team performed the following analyses:

- Calculated the contracted salary and actual salary amounts paid to the former director for the period of his employment, August 5, 2004, through November 11, 2005, including the July 1, 2005, cost of living increase and calculations of the former director's final paychecks as a regular employee.
- Reviewed the expected and actual CalPERS contributions made by TIDA on behalf of the former director during the period of his employment, August 5, 2004, through November 11, 2005.
- Calculated the amount of the former director's severance pay.
- Calculated the amounts of taxable fringe benefits and expense reimbursements required by IRS regulations to be reported on the former director's form W-2.

To perform these analyses, the audit team obtained and analyzed the former director's pay remittances ("pay stubs"), CalPERS contribution forms, and reimbursement requests submitted for direct expenses during the period of his employment. In addition, the audit team reviewed the former director's employment agreement, applicable resolutions of the TIDA Board of Directors, CalPERS regulations, and IRS publications.

Salary and Benefits

Based on our calculations, the audit team has determined that the methods and practices TIDA used to calculate the base and gross amounts of the former director's salary were unnecessarily complicated and, in specific respects, incorrect.

- The first four paychecks TIDA issued to the former director were consistent with the employment agreement language that specifies the former director's salary for FY 2004-05 as \$159,998.

However, the audit team found that TIDA began reporting a higher amount of biweekly gross salary on the paychecks of the former director beginning with the November 19, 2004, pay date. In addition to the biweekly portion of the former director's contracted salary, TIDA included in his gross salary a prorated amount of the dollar value of his dental, health, and pension benefits¹⁰ paid by TIDA on his behalf. Although the inclusion of these benefits had no effect on the former director's net pay, the addition of amounts for benefits that were provided to the former director at no cost to him caused unnecessary complications in his paycheck calculations, and was also in violation of CalPERS regulations, as discussed further in the "Pension" section, below.

¹⁰ Each pay period included a benefits value that was the equivalent of 1/26th (i.e., one pay period's worth) of the annual value of the benefits.

- TIDA staff incorrectly calculated the former director's November 5, 2004, paycheck and paid the former director \$437.76 less than he should have received due to an error in the calculation of his health and dental benefits.
- TIDA staff incorrectly calculated the cost of living increase called for in the former director's employment agreement. TIDA applied a 2 percent cost of living increase on the former director's September 9, 2005, pay date, retroactive to July 1, 2005. However, instead of basing the 2 percent increase on the former director's salary of \$159,998 as specified in his employment agreement, TIDA staff applied the 2 percent increase to the higher gross salary amount used in his paychecks, which included both the former director's salary and the prorated amounts of dental, health, and pension benefits paid on the former director's behalf at no cost to him. This resulted in a cost of living increase that was incorrect and inappropriately high. The audit team recalculated the cost of living increase by applying a 2.2 percent cost of living increase to the former director's FY 2004-05 salary of \$159,998. The 2.2 percent cost of living rate was approved by the TIDA Board of Directors at its October 17, 2005, meeting.

It should be noted that the TIDA Board of Directors discussed and approved the former director's cost of living increase at the October 17, 2005, board meeting without knowledge that a cost of living increase had already been applied to the former director's paycheck in September 2005, retroactive to July 1, 2005. TIDA staff present at the board meeting did not bring this fact to the attention of the TIDA Board of Directors during the meeting.

Impact

- The inclusion in gross salary of the prorated dollar value of dental, health, and pension benefits provided by TIDA to the former director at no cost to him resulted in the incorrect calculation of the former director's cost of living increase. If not corrected, this inaccurate calculation would have resulted in an overpayment of \$136.04 for FY 2005-06. TIDA corrected this calculation in the former director's November 11, 2005, paycheck.

In addition, the inclusion of dental and health benefit amounts in the former director's gross salary resulted in incorrect reporting of his earnings for pension contribution purposes, as discussed in "Pension," below.

- TIDA's incorrect calculation of the former director's November 5, 2004, paycheck resulted in a net underpayment of his FY 2004-05 salary of \$437.76. TIDA corrected this underpayment on the former director's November 11, 2005, paycheck.

Recommendations

The TIDA Board of Directors should:

23. Create clear and transparent employment agreements for all future directors of TIDA that are consistent with the regulations of applicable oversight agencies (e.g., CalPERS), including unambiguous definitions of:
 - a. Dental and health benefits provided, including who pays for what and how it is paid.
 - b. Pension agreements, including who pays for what and how it is paid.
 - c. Cost of living increases, including specification of the cost of living rate or index that is to be used and for what period, the exact date(s) when cost of living increases are to be applied, and what amount is to be used as the base for the cost of living increase.
 - d. Severance package, including the base amount and specific instructions for the inclusion/exclusion of cost of living increases, incentive bonuses, etc.
24. Request that the SFRA process the payroll and benefits for TIDA's future director until TIDA becomes an independent agency and employer of record. At that time, the board should assess TIDA's need to continue having the SFRA process all of TIDA's payroll and benefits, or whether TIDA would be large enough to necessitate employing an individual with training in payroll and benefits to administer the payroll, or whether an alternate means of processing payroll and benefits should be used.

Pension

TIDA entered into a contract with CalPERS on October 18, 2004, to provide the former director with retirement benefits during the period of his employment, beginning from his date of hire. By resolution of the TIDA Board of Directors, TIDA agreed to provide pension benefits at no cost to the former director by paying both the employee and employer portions of pension contributions on the former director's behalf.

CalPERS regulations specifically and exclusively define income that is eligible to serve as the base on which pension contributions are calculated. The regulations allow employers to pay for all or a portion of the normal pension contributions paid by a group or class of their employees. This practice is called "employer paid member contributions" (EPMC). In addition, CalPERS regulations allow employers to report the EPMC as part of the compensation base on which the pension contribution is calculated. However, CalPERS regulations do not allow the dollar value of healthcare benefits to be added to the compensation on which the CalPERS contribution is calculated.

With regard to TIDA's treatment of the former director's pension contributions through CalPERS, the audit team identified the following:

- The CalPERS contribution was calculated in two different ways: 1) The contribution amount included in the former director's paychecks was based only on the former director's base salary;¹¹ 2) Both the employee and employer contribution amounts that were actually paid to CalPERS for the former director were based on the former director's gross salary, plus the employee portion of the pension contribution *and* the prorated dollar value of the former director's dental and health benefits, which was not in compliance with CalPERS requirements. As a result, TIDA overreported the former director's salary and overpaid both the employer and employee portions of the pension contributions. We were informed that the former director advised TIDA staff to include in his gross salary the value of the dental and health benefits paid on his behalf to increase the base for the calculation of pension contributions despite being advised that the practice is prohibited by CalPERS regulations.
- TIDA did not follow CalPERS procedure for reporting EPMC as a separate payroll entry. TIDA reported a single gross salary number in each of the former director's paychecks that included both salary and the prorated dollar amount of benefits provided by TIDA. The payroll treatment recommended by CalPERS states that salary and the employee portion of the pension contribution should be listed as separate line items.

Impact

- TIDA overreported the amount of earnings on which pension contributions should be paid. The audit team estimates that TIDA overreported the former director's compensation for pension contributions by approximately \$10,995, resulting in overpayment of pension contributions on the former director's behalf of approximately \$1,690. This overpayment may be slightly offset by TIDA's possible minor underreporting of the former director's compensation eligible for pension contribution after the July 1, 2005, cost of living adjustment, as TIDA staff did not recompute the employee portion of the pension contribution added to the former director's paychecks.

Recommendations

The TIDA Board of Directors should:

25. Submit all payroll and CalPERS information for the former director to CalPERS in order to determine the correct treatment of the former director's pension, including any contribution amounts that require adjustment and collection of overpayments of pension contributions made for the former director.

¹¹ Note that this amount was correct for FY 2004-05, but the employee portion of the former director's CalPERS contribution that was added to his paychecks was no longer correct in FY 2005-06, as the amount was not adjusted to reflect the former director's cost of living increase that became effective July 1, 2005.

Severance

The audit team calculated the amount of the former director's severance based on his employment agreement with TIDA. Based on the former director's FY 2005-06 annual salary of \$163,517.96, the total amount of severance that TIDA must pay directly to the former director over the 18-month period beginning November 12, 2005, and ending May 11, 2007, is \$245,276.93. TIDA will also be required to pay the CCSF Health Service System separately for dental and health benefits on the former director's behalf for that 18-month period. Based on the actual dental and health premiums paid on the former director's behalf for FY 2005-06, the approximate cost of dental and health coverage for the 18-month severance period is \$18,711.90, for an estimated total cost of \$263,988.83 for the 18-month severance package. Note that the actual cost of dental and health benefits for the period July 1, 2006, through May 11, 2007, will not be available until these rates are set by the Health Services Board in early 2006.

According to the CCSF Health Service System, TIDA has already prepaid the former director's dental and health benefits through June 30, 2006.

TIDA's finance manager provided the CCSF Budget Analyst's Office with his calculations of the severance amount owed to the former director. The finance manager considered the dollar value of the former director's dental, health, and pension benefits as part of his salary. As a result, the finance manager's calculation showed that the severance amount owed to the former director would total \$281,826, which includes payment for the former director's dental and health benefits during his severance period. In consultation with the City Attorney's Office, the audit team determined that the finance manager's calculation was inappropriate for the following reasons:

- The former director's employment agreement states that his salary is \$159,998, to be adjusted by cost of living increases each July 1 that the former director remained employed. The employment agreement treats TIDA's obligations relating to health and retirement benefits as separate from salary.
- Paragraph 7 of the employment agreement provides for "18 months salary" as severance in the event of termination without cause. That paragraph separately provides that TIDA "shall also pay any amounts required to provide [the former director] with health benefits for 18 months..." The employment agreement does not contemplate any payment corresponding to retirement contributions, which is logical because the former director would not be making contributions after his termination. The audit team confirmed with CalPERS that the former director's severance pay is not eligible for pension contributions.

Impact

It should be noted that, while the finance manager is authorized to manage routine payroll issues, the interpretation of the former director's severance agreement is a

matter for the TIDA Board of Directors, in consultation with TIDA's outside Chief Financial Officer and counsel. If the TIDA Board of Directors were to rely on the finance manager's interpretation of the former director's severance amount, it would result in an overpayment of \$17,837.17 over the 18-month severance period based on the audit team's calculations.

In addition, the length of the severance period provided in the former director's employment agreement might have been excessive, especially in light of the length of his employment with TIDA. The former director served in his position for a little over a year, but will receive severance payments for 18 months. As a comparison, information published on CareerJournal.com, the executive career site of the Wall Street Journal, indicates that the severance period for senior executives of nonprofits, government, and associations ranges from an average minimum of 4 weeks (1 month) to an average maximum of 27 weeks (6.75 months).

Recommendations

The TIDA Board of Directors should:

26. Determine whether to adopt the audit team's calculation of the former director's severance amount as \$245,276.93, in addition to any amounts needed to pay for dental and health benefits on the former director's behalf through the end of the severance period, or some other calculation.
27. Create clear and transparent employment agreements for all future directors of TIDA, including the basis for severance calculations.
28. Reconsider the length of the severance period included in future directors' employment agreements. Instead of an 18-month severance period, the TIDA Board of Directors should consider creating a severance policy that either applies a calculation to determine the length of the severance period based on length of service (e.g., one week of severance per year of service; one month of severance per year of service), or limit the severance period to no more than three to six months.

Unreported Income

During our review of the payroll transactions for the former director, we noted that TIDA had not reported income for a taxable fringe benefit and reimbursements that the Internal Revenue Service (IRS) requires to be reported. The taxable fringe benefit is the value of the sport utility vehicles that were assigned to the former director and deputy director, and the reimbursements are for receipts submitted by the former director that did not satisfy the IRS' requirements for an accountable plan.

Based on analysis of the fuel key records for the 2001 Ford Explorer, the Explorer was assigned exclusively to the former director for the period August 10, 2004, through

December 10, 2004. Beginning December 15, 2004, the former director discontinued use of the Ford Explorer and was assigned exclusive use of the 2004 Lincoln Aviator leased on his behalf. No later than January 1, 2005, the Ford Explorer was assigned to the deputy director of TIDA for his exclusive use.

Taxable Fringe Benefit. Under IRS regulations, the fair market value of a fringe benefit is taxable unless the law specifically excludes it. One type of taxable fringe benefit is a vehicle that an employer provides to an employee. There are three methods for determining the amount of taxable income related to an employer-provided vehicle – the cents-per-mile rule, the commuting rule, and the lease value rule. Based on the IRS criteria, the only method allowed for the TIDA vehicles and employees involved is the lease value rule. The IRS provides a table to be used to determine the annual amount of taxable income to report to the employee under the lease value rule, which is based on the vehicle's fair market value at the time it is first made available to an employee for personal use. The amount is prorated if the employee did not have use of the vehicle for the full year, based on the actual number of days the employee possessed the vehicle. TIDA staff were unaware of the IRS requirement and had not reported the appropriate lease value amounts as income to either the former director or the deputy director.

Reimbursements. The IRS also requires that expenses reimbursed to employees be reported as income unless they were reimbursed under the rules of an accountable plan. To be an accountable plan, the expenses must have a business connection, the employee must adequately account to the employer for the expenses within a reasonable period of time, and the employee must return to the employer any excess reimbursement or allowance within a reasonable period of time.¹² The rules for adequate accounting require the employee to provide the employer with a statement of expense that includes the date the expense was incurred, the place, and the business purpose of the expense. For vehicles, the IRS provides an example of how to prove expenses that includes the date, destination, specific business purpose, and the miles for each trip. The accounting requirement is not met by simply turning in receipts and saying that all of the expenses were business related.

During our review of reimbursements made to the former director, we noted that some of his receipts met the IRS requirements for an accountable plan, but others did not. The IRS requires that when some reimbursements satisfy the accountable plan rules, but others do not, the employer must report the reimbursements in two separate ways:

1. The employer must report income to the employee for all reimbursements made under a nonaccountable plan. These reimbursements are subject to employment taxes and must be reported as income in Box 1 of the employees' W-2.
2. The employer must report the total amount of all reimbursements made under either an accountable or nonaccountable plan in Box 12 of the employees' W-2. Only the amount that is also reported in Box 1 is subject to tax.

¹² IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses, defines a reasonable period as 60 days for adequate accounting and 120 days for return of any excess reimbursement.

Again, TIDA staff were unaware of the IRS requirements and had not reported income to the former director for the reimbursements made under a nonaccountable plan.

Impact

Based on the values of the vehicles and the dates they were provided to the employees, we calculated that the former director's income for taxable fringe benefits was underreported by \$2,306.30 for 2004 and \$9,462.33 for 2005. In addition, the deputy director will have additional reportable income of \$3,600.00 for 2005 (if this vehicle is turned in before the end of 2005, this amount would be prorated for partial-year usage). We also determined that the former director submitted receipts that met the accountable plan rules in the amount of \$619.37 for 2004 and \$2,659.96 for 2005, and receipts that did not meet the accountable plan rules in the amount of \$159.58 for 2004 and \$1,949.43 for 2005.

TIDA reported the prorated amount of the 2005 lease value and the 2005 nonaccountable plan for a total of \$11,411.76 in one of the former director's final paychecks, and the appropriate withholdings were deducted from his check.

Recommendations

The TIDA Board of Directors should:

29. Direct TIDA staff to reissue the former director's 2004 form W-2 to reflect the taxable income from fringe benefits and reimbursed expenses as required by the IRS. In addition, the former director's 2005 taxable income from fringe benefits and reimbursed expenses should be included in his form W-2 for 2005.
30. Direct TIDA staff to report taxable income from fringe benefits and reimbursed expenses in the deputy director's 2005 form W-2, as required by the IRS.
31. Develop policies and procedures for properly classifying and reporting taxable income for employees to the IRS, or adopt SFRA's procedures.

Employee Attendance

The audit team found that TIDA does not have personnel policies and procedures and does not follow SFRA's existing policies and procedures. As a result, TIDA has not been properly enforcing employee attendance policies for the former executive director or TIDA employees contracted through SFRA.

Former Executive Director. The audit team found that there is no record of the former director's attendance during his employment with TIDA. It is a common practice for public agency department heads to keep a daily calendar that records the time, place,

and purpose of the official's business-related meetings and events. TIDA staff were unable to provide a copy of the former director's calendar and were also unable to account for his attendance.

According to the terms of his employment agreement with TIDA, the former executive director was entitled to four weeks (20 work days) of paid vacation per year. These four weeks of vacation represent all of the time off to which the former director was entitled, as his employment agreement did not include any other types of leave, such as sick or bereavement leave or holidays. The former director accrued a total of 25 days, 3 hours of vacation time during the entire period of his employment, August 5, 2004, through November 11, 2005.

Interviews with TIDA staff indicate that the former director took several vacations during his employment as TIDA director, but aside from a staff memo characterizing the former director's period of absence between July 25, 2005, through August 17, 2005 (18 work days), as "bereavement leave," there is no formal record of his vacation usage.

In addition to the 18 days of leave documented for the period July 25, 2005, through August 17, 2005, the former director has admitted taking leave from July 12, 2005, through July 14, 2005 (three work days). According to interviews with TIDA staff, the former director also took time off in December 2004. To corroborate this information, the audit team analyzed the former director's submitted expense receipts for the period of his employment with TIDA. In general, the former director submitted a receipt for reimbursement every two to three days. However, the audit team noted that there was a significant, unusual gap in the former director's expense reimbursements for the period December 18, 2004, through December 31, 2004, which corroborates TIDA staff testimony that the former director took time off from work during those weeks. Additional significant gaps in the former director's submitted receipts, indicating additional possible absences from work, include:

- May 13, 2005 – May 20, 2005
- May 25, 2005 – May 31, 2005

In addition, it appears that the former director might have also been taking time off for legal holidays observed by employees of CCSF. However, since the former director was not an employee of CCSF and such holidays were not specifically authorized in his employment agreement, he was not entitled to these paid holidays.

TIDA Staff Contracted through the SFRA. The audit team also found that TIDA staff are not following the SFRA's personnel policies and procedures regarding attendance and standard work hours. Observation of TIDA's operations and interviews with TIDA staff indicate that although TIDA employees contracted through the SFRA are required to account for and work a standard 40-hour work week, many employees are working less than 40 hours a week. In general, TIDA employees work from approximately 9:00 a.m. to 5:00 p.m. with at least an hour for lunch. Employee schedules vary, with employees arriving late, leaving early, and attending work-related events (such as

community meetings) outside of normal office hours without keeping accurate records of their actual work hours.

Impact

The following provides a brief discussion of the possible impacts of TIDA's failure to require accurate accounting for employee attendance as it applies to the former director and TIDA staff contracted through the SFRA:

- **Former Director.** Lack of monitoring of the former director's leave usage likely resulted in the former director taking vacation time in excess of the amount provided for in his employment agreement with TIDA.
- **TIDA Staff Contracted Through the SFRA.** By not monitoring employee work hours or enforcing a standard workweek, TIDA is paying for 40-hour workweeks but is receiving less than 40 hours a week of productivity in return. Additionally, because employees may not have been accurately reporting their use of leave, TIDA could incur an unnecessary liability for vacation balances when employees depart TIDA.

Recommendations

The TIDA Board of Directors should:

32. Create clear and transparent employment agreements for all future directors of TIDA, including unambiguous definitions of leave amounts, definition of leave types, how leave is accrued, when the employee is eligible to use leave, and how leave is requested and tracked.
33. Require future directors to comply with the following, subject to regular review and approval by a member of the TIDA Board of Directors:
 - Submit leave request forms.
 - Submit timecards for payroll purposes.
 - Keep an official calendar recording attendance at work and work-related events and meetings.
34. Clearly communicate to TIDA staff expectations for employee attendance practices, in accordance with the SFRA employee handbook and the employees' applicable memoranda of understanding (MOUs).
35. Create clear lines of responsibility and supervision for TIDA employees contracted through the SFRA to ensure that work schedules and employee leave are appropriately monitored in accordance with the SFRA employee handbook and the employees' applicable MOUs.

APPENDIX A

STATUS OF IMPLEMENTATION OF RECOMMENDATIONS FROM HARVEY ROSE AUDIT

RECOMMENDATION	IMPLEMENTATION STATUS
<p>1. The Authority's new Finance Director should review all current year actual revenues and expenditures to determine the financial status of the Authority and to reestablish the Authority's management controls over its budget.</p>	<p>PARTIALLY IMPLEMENTED. Expenses in TIDA's FY 2005-06 original budget do not exceed budgeted revenues, as they had in prior years. In addition, the finance manager of TIDA presented a report to the October 12, 2005, meeting of the TIDA Board of Directors that provided actual revenues received to date, actual expenses incurred to date, and an itemization of the revenue and expense items. The finance manager plans to present this information to the TIDA Board of Directors monthly, starting with the December 2005 board meeting. However, the current year actual revenue and expenditures report given to the board does not give an accurate picture of actual revenues received due to TIDA's current method of accounting for nonrevenue receipts. Refer to the "Accounting for Revenue" section of Chapter 1 for further discussion of TIDA's accounting procedures.</p> <p>The actual revenue and expenditures report prepared by the finance manager would be more useful and accurate if</p> <ul style="list-style-type: none"> Columns were added comparing the percentage of the year elapsed to the percentage of the budget collected/expended. This would help management determine if TIDA is on target to meet the budget, or if revenues or expenditures are lower or higher than expected. Nonrevenue items were separated from actual rent and lease revenues to provide a more accurate picture of what revenues TIDA has collected TIDA staff continue to prepare this report monthly to present at each regular meeting of the Board of Directors.
<p>2. Wherever possible, management should reduce spending and liquidate encumbrances for contractual services in order to improve the overall financial condition of the Authority in the future.</p>	<p>IMPLEMENTED. Pages 9 through 16 of the FY 2005-06 budget submitted to the TIDA Board of Directors at the May 11, 2005, board meeting show a comparison of the FY 2004-05 and 2005-06 budgeted expenses, along with the amount of increase or decrease in the 2005-06 amounts. TIDA appears to have made a reasonable effort to reduce budgeted expenses. In addition, regular monitoring of actual revenues and expenses, e.g., through the type of report referenced in Audit Recommendation 1, would ensure that planned spending levels are not exceeded.</p>
<p>3. In coordination with the San Francisco Redevelopment Agency, establish a process to calculate and remit future advance payroll funding and administrative cost reimbursement.</p>	<p>IMPLEMENTED. The San Francisco Redevelopment Agency (SFRA) and TIDA have a letter of agreement dated July 1, 2004, that requires SFRA to submit a quarterly estimate of the reimbursement amount of salaries, fringe benefits, and SFRA administration and overhead fees related to SFRA administration of TIDA employee payroll and benefits. SFRA is currently submitting these estimates for reimbursement.</p>

APPENDIX A

RECOMMENDATION

IMPLEMENTATION STATUS

as agreed.

However, the SFRA is in the process of performing a reconciliation of the amounts collected pursuant to the quarterly estimates and actual expenses and has determined that there is a significant amount that has not been billed. The SFRA is in the process of computing this amount and intends to pursue collection from TIDA.

TIDA and the SFRA should reconsider the estimation method to more accurately reflect actual costs involved in SFRA's administration of the payroll and benefits of the SFRA employees who work at TIDA. Also, TIDA will need to recognize a liability for the outstanding expenses identified by the SFRA. Refer to the "Unreported Liabilities" section of Chapter 1 for further discussion of this issue.

4. Address the transition to direct employment of staff rather than through an intermediary agency, including conducting a needs assessment, development of alternatives, establishment of criteria for making key payroll process decisions, and creation of personnel policies and procedures.

PARTIALLY IMPLEMENTED. Implementation of this audit recommendation has not been assessed because the matter has currently been put on hold by the TIDA Board of Directors, who expressed a need to analyze these issues further before making a decision at the May 11, 2005 TIDA Board of Directors meeting. Refer to Chapter 2 for further discussion of TIDA's staffing.

5. Ensure that at any given time, one staff person is not able to authorize a transaction, record a transaction, and have physical custody of the item procured.

PARTIALLY IMPLEMENTED. As evidence of TIDA's implementation of this audit recommendation, the finance manager submitted a copy of TIDA's invoice processing procedures. This document addresses the separation of duties in the invoice processing, payment, and review process. However, it does not address the issue of physical custody specifically mentioned in the audit recommendation. Refer to the "Authorization of Expenditures" section of Chapter 1 for further discussion of TIDA's invoice processing practices.

TIDA needs to develop policies and procedures that ensure that at any given time, a single staff member is not able to authorize a transaction, record a transaction, and have physical custody of the item procured. An example of the type of situation the policy should address would be a single person being able to authorize the purchase of equipment, record the transaction for the equipment, and have possession of the equipment.

6. Create and maintain vendor files in good order, including all supporting documentation and explanation for any transactions that occur.

IMPLEMENTED. Per the finance manager, this audit recommendation has been implemented, with centralization of TIDA files and supporting documentation. We did not take any further steps to verify TIDA's implementation of this audit recommendation.

APPENDIX A

RECOMMENDATION	IMPLEMENTATION STATUS
7. Develop written policies and procedures for monitoring work orders, including that services are not only received, but are also prudent and not excessive in cost.	NOT IMPLEMENTED.
8. Direct the Facilities Manager to monitor the work order with the Department of Public Works.	PARTIALLY IMPLEMENTED. This audit recommendation does not allow for follow-up on implementation, as it only requires the assignment of a responsibility, but does not specify that the responsible party should actually complete the task assigned.
9. Direct the Deputy Director to monitor the work order for the City Attorney.	PARTIALLY IMPLEMENTED. This audit recommendation does not allow for follow-up on implementation, as it only requires the assignment of a responsibility, but does not specify that the responsible party should actually complete the task assigned.
10. Develop written policies and procedures for fixed asset tracking and monitoring and create an inventory of existing Authority assets.	NOT IMPLEMENTED. Refer to the "Sound Equipment" section of Chapter 5 for further discussion of this issue.
11. Inventory all Navy vehicles, equipment, and furnishings, including those items at the warehouse, at other Navy facilities, and on loan to other agencies or City departments.	PARTIALLY IMPLEMENTED. TIDA compiled a list of Navy-owned vehicles in February 2005. However, TIDA has not updated the inventory of Navy-owned equipment and furnishings dated August 1999. Information obtained from TIDA staff indicates that items have been taken from storage without an accounting of who took them. TIDA should update the 1999 equipment and furnishings inventory. In addition, TIDA should regularly update the status of the automobiles on loan to CCSF departments, as required by the cooperative agreement between TIDA and the Navy.
12. Develop written policies and procedures for managing and monitoring the Navy's assets and incorporate any Navy requirements.	NOT IMPLEMENTED. The finance manager cited the cooperative agreement between TIDA and the Navy as fulfilling the audit recommendation to develop written policies and procedures for managing and monitoring the Navy's assets. However, this agreement existed before the recommendation was given and does not fulfill the intent of the recommendation. Further, the cooperative agreement outlines TIDA's responsibilities for managing Navy assets, but does not enumerate the tasks TIDA staff must complete to fulfill those responsibilities. TIDA needs to develop policies and procedures that address specific, regular monitoring and maintenance tasks to ensure that Navy assets are safeguarded and used appropriately.
13. Secure all keys to vehicles, the warehouse and all facilities and provided keys only to authorized individuals.	PARTIALLY IMPLEMENTED. TIDA has secured the keys to all Navy vehicles in TIDA's possession, but there is currently no secure storage place for the keys or a

APPENDIX A

RECOMMENDATION	IMPLEMENTATION STATUS
<p>14. With respect to facility management:</p> <ul style="list-style-type: none"> • Inventory all Navy facilities, • Conduct an assessment of facility conditions, • Develop an interim use plan, • Develop a maintenance program, and • Develop procedures for monitoring ongoing maintenance activities of the Department of Public Works. 	<p>check-in/check-out policy to ensure that only authorized individuals use the vehicles and that TIDA can account for vehicle usage.</p> <p>PARTIALLY IMPLEMENTED. TIDA has completed an inventory of all Navy facilities, including name, location, use, building condition, and other information. In addition, the facilities manager is maintaining a spreadsheet that shows the status of maintenance projects underway with DPW and other agencies. However, TIDA does not have a written maintenance program or procedures for monitoring DPW maintenance activities.</p> <p>According to the finance manager, the development of an interim use plan is the responsibility of the TIDA Board of Directors.</p>
<p>15. Establish the responsibility for timely monitoring of the receipt of revenues and assign to staff.</p>	<p>PARTIALLY IMPLEMENTED. This audit recommendation does not allow for follow-up on implementation, as it only requires the assignment of a responsibility, but does not specify that the responsible party should actually complete the task assigned.</p>
<p>16. Establish procedures for staff independent of the deposit process to verify that all checks and cash have been deposited.</p>	<p>IMPLEMENTED. TIDA has created written receipts processing procedures detailing division of duties for receipt, recording, deposits, and review of deposits.</p> <p>Currently, the finance manager is comparing the daily document log kept by reception with the list of deposits created by TIDA finance staff, but is not reconciling these records with TIDA's bank statements.</p>
<p>17. Refuse all cash payments and only accept checks, money orders or cashiers checks made payable to the Treasure Island Development Authority.</p>	<p>IMPLEMENTED. TIDA has created written receipts processing procedures that state no cash payments are accepted. In addition, review of September 2005 payments received shows that only checks were received and deposited.</p>
<p>18. Update and augment cash receipts policies and procedures to reflect current procedures and staffing, file maintenance, payment monitoring, deposit verification, and cash policies.</p>	<p>PARTIALLY IMPLEMENTED. TIDA's receipts processing procedures address the current procedures and staffing for file maintenance and cash policies. In addition, the document provides procedures for the finance manager to review a deposit and revenue listing prepared by TIDA finance staff. However, the procedure does not instruct the finance manager to reconcile the document log created by reception with the deposit listing created by finance staff, or with the bank statements. In addition, the document does not address the issue of payment monitoring. Refer to the "Lease Compliance Monitoring" section of Chapter 3 for further discussion of payment monitoring.</p>

APPENDIX A

RECOMMENDATION	IMPLEMENTATION STATUS
19. Direct the Finance Manager on a regular basis to reconcile special events payment records with actual deposits and refunds, a calendar of events, and staff time worked on the days of those events.	PARTIALLY IMPLEMENTED. The finance manager has been instructed to perform this reconciliation, but is not currently performing the reconciliation.
20. Assign responsibility to the Finance Manager to become expert in the financial specifications of the John Stewart Company contract and to monitor financial compliance with the contract on a regular basis.	PARTIALLY IMPLEMENTED. Responsibility has been assigned to the finance manager, who is in the process of learning the contract. However, the finance manager is not currently performing this monitoring. Refer to the "Lease Compliance Monitoring" section of Chapter 3 for further discussion of this issue.
21. Assign responsibility to the Facilities Manager for the operating specifications of the John Stewart Company contract and for monitoring operating compliance with the contract on a regular basis.	PARTIALLY IMPLEMENTED. Responsibility has been assigned to the facilities manager, who is in the process of learning the contract. However, the facilities manager is not currently performing this monitoring. Refer to the "Lease Compliance Monitoring" section of Chapter 3 for further discussion of this issue.
22. Assign responsibility to the Finance Manager to become expert in the financial specifications of the revenue sharing agreement with the Treasure Island Homeless Development Initiative and to monitor financial compliance with the agreement specifications on a regular basis.	PARTIALLY IMPLEMENTED. Responsibility has been assigned to the finance manager, who is in the process of learning the contract. However, the finance manager is not currently performing this monitoring. Refer to the "Lease Compliance Monitoring" section of Chapter 3 for further discussion of this issue.
23. Develop written contract policies and procedures for management and administration of professional services contracts, including verifying service delivery, monitoring payments, ensuring insurance requirements are current and maintained, and ensuring that contracts are entered into and are extended, if necessary, in a timely manner (i.e., before services are utilized and expenditures are incurred).	NOT IMPLEMENTED.
24. Direct the Finance Manager to develop new financial spreadsheets to meet the Authority's needs in terms of financial analysis and monitoring budget to actual revenues and expenditures.	IMPLEMENTED. TIDA has implemented this audit recommendation. The TIDA finance manager presented a report to the TIDA Board of Directors on October 12, 2005 that provided actual revenues received to date, actual expenses incurred to date, and an itemization of the revenue and expense items. The finance manager has expressed that he plans to make this type of presentation on a monthly basis starting with the December 2005 meeting of the TIDA Board of Directors. See the discussion of Audit Recommendation 1 above for further steps that can be taken to make these spreadsheets and report more useful.

APPENDIX A

RECOMMENDATION	IMPLEMENTATION STATUS
25. Direct the Finance Manager to correct and complete prior year financial spreadsheets in order to be able to conduct analysis across fiscal years.	PARTIALLY IMPLEMENTED. The finance manager has been directed to correct the prior years' financial spreadsheets but has not yet done so.
26. Work with the Controller's Office to set up appropriate accounting for special event deposits and to establish a ledger for tracking deposits.	NOT IMPLEMENTED. According to the finance manager, the prior plan was to address this issue when TIDA became a direct employer and transitioned from the FAMIS accounting system. This transition was expected to happen by the end of FY 2004-05, but at present this transition has been postponed indefinitely. TIDA did not take steps to implement this recommendation after the decision to postpone transition was made. Refer to the "Accounting for Revenue" section of Chapter 1 for further discussion of this issue. Note that this incomplete implementation status is different from what the finance manager reported at the June 8, 2005, TIDA Board of Directors meeting, when implementation of this item was stated to be complete.
27. Develop new job descriptions and clear lines of responsibility for each position given the Authority's objectives of 1) property management, 2) negotiating the transfer of federal property, and 3) long-range planning and development of Treasure Island.	PARTIALLY IMPLEMENTED. Refer to Chapter 2 for further discussion of TIDA's staffing.
28. Develop goals and objectives for each staff for the coming year and annually thereafter.	NOT IMPLEMENTED. Refer to Chapter 2 for further discussion of this issue.

APPENDIX B
RESPONSE TO AUDIT – TIDA BOARD OF DIRECTORS

CITY & COUNTY OF SAN FRANCISCO

TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND

SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND



December 12, 2005

Ed Harrington
Controller
City and County of San Francisco
City Hall, Room 316
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4694

Re: Treasure Island Development Authority
Controller's Audit

Dear Mr. Harrington:

Thank you for the draft management and efficiency audit report conducted by your office regarding the Treasure Audit Development Authority. The TIDA Board of Directors will consider your report at its meeting on December 14, 2005. Your draft report provides valuable input to the TIDA Board of Directors in its efforts to improve the efficiency of TIDA.

Sincerely,

//original signed by//

CLAUDINE CHENG
President, Board of Directors

cc: Joanne Sakai
Donnell Choy

RECYCLED PAPER





Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Has Recommendation Been Implemented?				Explanation if Partially or Not Implemented
Recommendation	Yes	No	In Part	
1. The TIDA Board of Directors should direct TIDA management to: Work with the Controller's Office to ensure the appropriate accounts are used to record the asset and liability of refundable deposits, the insurance premium collections, and the revenue sharing agreement with THHDI.	X			Completed. TIDA entered into a <i>Professional Service Agreement</i> with the Controller's Office. The Controller's staff worked directly on TIDA accounts to correctly record and to accordingly reclassify TIDA's asset and liability of refundable deposits, insurance premium collections and the Revenue Sharing Agreement with THHDI. See <i>Accounting Project of TIDA (FAST Report), March 22, 2006, and Professional Service Agreement, Exhibit A.</i>
2. Review all financial transactions for the past two fiscal years and make all appropriate adjustments to accounting entries.	X			Completed. TIDA entered into a <i>Professional Service Agreement</i> with the Controller's Office. The Controller's staff reviewed expenditures for one year, FY2005-06. The Controller's staff reviewed revenues for as back as records were available. After this review, the Controller's staff determined that the review of financial transaction for the past two fiscal years was not necessary. The Controller's staff made the appropriate adjustment to our accounts. See <i>Accounting Project of TIDA (FAST Report), March 22, 2006, and Professional Service Agreement Exhibit A.</i>



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Recommendation					Has Recommendation Been Implemented?	
	Yes	No	In Part	Dis-agree	Explanation if Partially or Not Implemented	
3. To prepare for the eventual implementation of the Tidelands Trust and the possible implementation of the No-Cost EDC, review its expenditures for compliance with the provisions of both mandates.	X				TIDA staff is aware of the restrictions on authorized costs under the Tidelands Trust and the contemplated No-Cost EDC. Since the Navy has not transferred any portion of the fee interest on Treasure Island and Yerba Buena Island to TIDA, these restrictions are not in effect. Establishing procedures now will assure that when the transfer does take place TIDA will be in compliance.	
4. Establish accounting procedures that comply with generally accepted accounting principles and represent strong internal controls. Conduct periodic spot checks of processed invoices to ensure that it is routinely following its established procedures for processing invoices, including procedures for signatures and timely payment.	X				Completed. TIDA entered into a <i>Professional Service Agreement</i> with the Controller's Office. The Controller's staff was assigned to work directly on TIDA accounts to establish accounting procedures and internal controls. See <i>Accounting Project of TIDA (FAST Report), March 22, 2006, and Professional Service Agreement, Exhibit A</i> . Periodic spot checks will be conducted by the Office of the City Administrator under its <i>Memorandum of Understanding (MOU)</i> , with TIDA ensure that established procedures for processing invoices are followed. See <i>MOU, Exhibit B</i>	





Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Recommendation					Has Recommendation Been Implemented?	
	Yes	No	In Part	Dis-agree	Explanation if Partially or Not Implemented	
5. Negotiate payment plans with the PUC and the Navy to settle the outstanding debts, submit the plan to the board for approval, make payments according to the approved plan, and begin remitting timely payment for future PUC billings as they are received.			X		<p>Completed Navy. By Resolution No. 06-06-01/23, adopted January 23, 2006, the TIDA Board approved the <i>Settlement Agreement</i> of the Navy's claim for CAM charges. TIDA has made the required payments under the settlement agreement. See Exhibit C for Resolution, Settlement Agreement and documentation of payment.</p> <p>PUC. Staff is currently discussing a settlement agreement with the PUC. It is anticipated that these negotiations will be concluded by June 30, 2007. TIDA requested and received budget authority of \$800,000 in its FY 2006-2007 Operating Budget for projected utility costs. PUC invoices are now paid in a timely manner. See Exhibit D for payment documentation.</p>	
6. Identify and make a list of all interim subleases that currently include a CAM charge provision and ensure that the provision is deleted from future amendments to the subleases. Determine if the provision should be replaced with a similar provision for the utility maintenance services provided by the PUC.			X		<p>TIDA staff is reviewing all subleases to determine whether any contained a CAM charge provision that is no longer appropriate given that the Navy stopped providing maintenance services to TIDA. As new subleases or sublease extensions are negotiated, staff and TIDA legal counsel will determine if a similar provision for PUC-provided maintenance service should be included. This assessment and calculation of CAM will be completed by June 30, 2007.</p>	



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Recommendation					Has Recommendation Been Implemented?	
	Yes	No	In Part	Disagree	Explanation if Partially or Not Implemented	
7. Make a final assessment regarding TIDA's current staffing needs and organizational structure and direct TIDA management to pursue a reorganization, including reducing its current staffing and reclassifying positions as appropriate, based on TIDA's current mission and functions. The reorganization should ensure that TIDA's staff have qualifications appropriate for the functions currently needed, with special emphasis on hiring accounting staff with knowledge of generally accepted accounting principles and internal controls. A reassessment should be made after the land transfer to determine an appropriate organizational structure and staffing level based on TIDA's new mission at that time and whether TIDA should become the employer of record of TIDA staff.	X				<p>Completed. By Resolution 06-27-04/17, adopted on April 17, 2006, the TIDA Board approved <i>The Report of the Audit Review Committee</i>, Exhibit E. The Report recommended staff reductions and reclassifications, as well as the transfer of TIDA staff to the Office of the City Administrator and the <i>Report</i> directed staff to take steps to implement the recommendations. The Office of the City Administrator will now be responsible for hiring staff in accordance with the MOU adopted on December 8, 2006. See Exhibit B.</p>	
8. Direct TIDA management to improve the TIDA website by providing additional information about event venues, such as additional photos and virtual tours; a calendar of available dates, and a web-based application process.	X				<p>Completed. Improved links between TIDA's website and the existing virtual tour of the Casa de la Vista were established. Electronic applications for Special Events are now available. Based on TIDA Board direction, TIDA staff is completing the planning and design phase of a re-vision and redesign of the website in coordination with the Department of Reptographics.</p>	



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Has Recommendation Been Implemented?

Recommendation	Yes			In Part	Dis-agree	Explanation if Partially or Not Implemented
	Yes	No				
9. Direct TIDA management to coordinate with the Mayor's Office of Base Reuse to develop an annual work program that identifies specific projects to be completed each year, including expected outcomes (i.e., work products) and who is responsible. The work program should focus on projects to maintain current operations, as well as those that will facilitate the transfer of ownership from the Navy.	X					Completed. In compliance with California Community Redevelopment Law applicable to TIDA, the approved FY 2006-2007 budget identifies the specific achievements made during FY 2005-2006 and the specific goals for FY 2006-2007. Goals are established for both TIDA's role as the Navy's "property manager" for the naval station and for negotiations with the Navy on the transfer and the master developer on anticipated redevelopment and reuse of the base. See Exhibit F, <i>TIDA Project Achievement Goals - Project: T1 Redevelopment Project</i> . Work Plans for the Project Staff under the direction of the Office of the City Administrator are required as part of their Performance Evaluation for fiscal year 2007-08. These shall be completed by June 30, 2007.



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Has Recommendation Been Implemented?					Explanation if Partially or Not Implemented
Recommendation	Yes	No	In Part	Dis-agree	
10. The TIDA Board of Directors should direct TIDA management to Designate an individual to be responsible for monitoring compliance with the terms of the lease agreements and establish procedures to ensure that the monitoring is performed. The procedures should include a requirement to report the results of monitoring to the TIDA Board of Directors on a monthly or quarterly basis.	X				Completed. TIDA's Facilities Manager is responsible for sublease compliance. The Facilities Manager has created a <i>Tenant Ledger Report Summary</i> detailing the status of rent payments, CAM, term and insurance compliance. See Exhibit G. This information is updated monthly and reported to the TIDA Board of Directors periodically. The responsibility for monitoring compliance with the terms of the sublease shall be effectuated in the Facilities Manager's Work Plan. Work Plans for the Project Staff under the direction of the Office of the City Administrator are required as part of their Performance Evaluation for fiscal year 2007-08. These shall be completed by June 30, 2007.



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Has Recommendation Been Implemented?

Recommendation	Yes	No	In Part	Dis-agree	Explanation if Partially or Not Implemented
11. Perform audit procedures on the monthly revenue reconciliation submitted to TIDA by JSC. These audit procedures could include but are not limited to recalculating the monthly revenues, spot inspections on the occupied and unoccupied units, and visual inspection of capital expenditures.	X				Completed. The Facilities Manager reviews the monthly financial reports provided to TIDA by the John Stewart Company. The Office of the City Administrator will perform quarterly reconciliation on the submissions as part of their MOU with TIDA. The Facilities Manager conducts both unit inspections and capital expenditures inspection as part of his due diligence. Project Staff has created a <i>Field Inspection Form</i> ; see Exhibit H ; and will implement its use beginning with the January 31, 2007 submission. The responsibility for performing inspections shall be effectuated in the Facilities Manager's Work Plan. Work Plans for the Project Staff under the direction of the Office of the City Administrator are required as part of their Performance Evaluation for fiscal year 2007-08. These shall be completed by June 30, 2007 .
12. Formulate a calculation, using the total rental fee and the number of set-up days requested, to determine a fair rental rate that can be used in each case where a set-up day is requested. TIDA should add the fee to the official schedule of event venue rates.		X			It is TIDA's practice to require fees for set-up days. Project Staff is in the process of conducting a comprehensive review of all leasing and permitting fees, policies and procedures, including set-up fees. This review will be completed by June 30, 2007 and may result in a new fee schedule and policy, including set-up day fees and will result in written standard operating procedures.



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Has Recommendation Been Implemented?

Recommendation		Yes	No	In Part	Dis-agree	Explanation if Partially or Not Implemented
13.	Develop policies and procedures for at-cost rentals, including instructions for calculating at-cost rates and identifying criteria for when at-cost rentals are allowed.			X		Staff is in the process of conducting a comprehensive review of all leasing and permitting fees, policies and procedures, including at-cost rental fees. This review will be completed by June 30, 2007 and may result in a new fee schedule and policy, including an at-cost fee schedule and will result in written standard operating procedures.
14.	Obtain information regarding insurance coverage for set-up days and begin requiring event holders to provide insurance coverage for all activities related to special events.			X		It is TIDA's practice to require insurance for set-up days. Staff is in the process of conducting a comprehensive review of all leasing and permitting fees, policies and procedures, including insurance requirements. This review will be completed by June 30, 2007 and may result in new insurance requirements and will result in written standard operating procedures.



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Recommendation		Yes	No	Has Recommendation Been Implemented?	
				In Part	Dis-agree
Explanation if Partially or Not Implemented					
15.	Establish procedures for calculating deposits for interim subleases and apply the requirement for deposits equitably to all future subleases, whether they are renewals by amendment or new subleases.		X		It is TIDA's practice to require a deposit equal to three months rent, unless otherwise waived or reduced by the TIDA Board by formal action. Staff is in the process of conducting a comprehensive review of all leasing and permitting fees, policies and procedures, including security deposit requirements. This review will be completed by June 30, 2007 and may result in a new security deposit policy and will result in written standard operating procedure.
16.	Establish procedures to ensure that information regarding new or amended subleases is communicated to all appropriate staff to ensure that the correct deposit and rent amounts are collected.		X		A <i>Vacancy Report</i> and a <i>Leasing Pipeline Report</i> are distributed to Project Staff at their regularly scheduled staff meetings. Staff reviews all vacancies and potential subtenants. See Exhibit I . Staff is in the process of conducting a comprehensive review of all leasing and permitting fees, policies and procedures including contract administration. This review will be completed by June 30, 2007 and will result in a new written standard operating procedure for contract administration, including lease abstracting.



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Recommendation		Yes	No	In Part	Has Recommendation Been Implemented? Explanation if Partially or Not Implemented
17.	<p>The TIDA Board of Directors should direct TIDA management to complete implementation of all of the recommendations provided in the Harvey Rose audit, report to the board monthly on the status of each recommendation, and provide documentation identifying the specific actions taken to implement each recommendation. For recommendations that involve assignment of responsibility, the report to the board should include details regarding how the responsibility is being fulfilled. If TIDA management determines that it will not implement a specific recommendation, it should inform the board as to why and provide an alternative course of corrective action.</p> <p>17.1. The Authority's new Finance Director should review all current year actual revenues and expenditures to determine the financial status of the Authority and to re-establish the Authority's management controls over its budget.</p>			X	<p>17.1 Implemented. TIDA entered into a <i>Professional Service Agreement</i> with the Controller's Office. The Controller's staff worked directly on TIDA accounts to correctly record and to accordingly reclassify TIDA's asset and liability of refundable deposits, insurance premium collections and the Revenue Sharing Agreement with THDI. The Controller's staff reviewed expenditures for one year, FY2005-06. The Controller's staff reviewed revenues for as back as records were available. The Controller's staff made the appropriate adjustment to our accounts. See <i>Accounting Project of TIDA (FAST Report), March 22, 2006, and Professional Service Agreement, Exhibit A.</i></p>





Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Has Recommendation Been Implemented?				
Recommendation	Yes	No	In Part	Dis-agree
<p>17.2. Wherever possible, management should reduce spending and liquidate encumbrances for contractual services in order to improve the overall financial condition of the Authority in the future.</p> <p>17.3. In coordination with the San Francisco Redevelopment Agency, establish a process to calculate and remit future advance payroll funding and administrative cost reimbursement.</p> <p>17.4. Address the transition to direct employment of staff rather than through an intermediary agency, including conducting a needs assessment, development of alternatives, establishment of criteria for making key payroll process decisions, and creation of personnel policies and procedures.</p>				<p>17.2 Implemented. As per <i>Office of the Controller, Audit Number 05045, December 12, 2005</i>. See Section I. of this submission.</p> <p>17.3 Implemented. As per <i>Office of the Controller, Audit Number 05045, December 12, 2005</i>. See Section I. of this submission.</p> <p>17.4 Implemented. By Resolution 06-27-04/17, adopted on April 17, 2006, the TIDA Board approved <i>The Report of the Audit Review Committee, Exhibit E</i>. The <i>Report</i> recommended staff reductions and reclassifications, as well as the transfer of TIDA staff to the Office of the City Administrator and the <i>Report</i> directed staff to take steps to implement the recommendations. The Office of the City Administrator will now be responsible for hiring staff in accordance with the <i>MOU</i> adopted on December 8, 2006. See Exhibit B.</p>



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Has Recommendation Been Implemented?				
Recommendation	Yes	No	In Part	Dis-agree
<p>17.5. Ensure that at any given time, one staff person is not able to authorize a transaction, record a transaction, and have physical custody of the item procured.</p> <p>17.6. Create and maintain vendor files in good order, including all supporting documentation and explanation for any transactions that occur.</p> <p>17.7. Develop written policies and procedures for monitoring work orders, including that services are not only received, but are also prudent and not excessive in cost.</p> <p>17.8. Direct the Facilities Manager to monitor the work order with the Department of Public Works.</p>				<p>17.5 Implemented. The Office of the City Administrator is now responsible for accounting and administration in accordance with the MOU adopted on December 8, 2006. See Exhibit B.</p> <p>17.6 Implemented. As per <i>Office of the Controller, Audit Number 05045, December 12, 2005</i>. See Section I. of this submission.</p> <p>17.7 Implemented. Procedures for monitoring work orders follow the guidelines of the Office of City Administrator. All work orders are monitored for receipt of services and costs by the Project Managers and the Director of Island Operation.</p> <p>17.8 Implemented. Procedures for monitoring work orders follow the guidelines of the Office of City Administrator. All work orders are monitored for receipt of services and costs by the Project Managers and the Director of Island Operation. Specifically, the Facilities Manager has been directed to provide oversight for DPW work orders. See Exhibit I, DPW Work Order Tracking System.</p>





Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Recommendation		Yes	No	In Part	Dis-agree	Has Recommendation Been Implemented?
						Explanation if Partially or Not Implemented
<p>17.9. Direct the Deputy Director to monitor the work order for the City Attorney.</p> <p>17.10. Develop written policies and procedures for fixed asset tracking and monitoring and create an inventory of existing Authority assets.</p> <p>17.11. Inventory all Navy vehicles, equipment, and furnishings, including those items at the warehouse, at other Navy facilities, and on loan to other agencies or City departments.</p> <p>17.12. Develop written policies and procedures for managing and monitoring the Navy's assets and incorporate any Navy requirements.</p>						<p>17.9 Implemented. Procedures for monitoring work orders follow the guidelines of the Office of City Administrator. All work orders are monitored for receipt of services and costs by the Project Managers. The Director provides direct oversight for the City Attorney work orders.</p> <p>17.10 TIDA will follow the City's policy for fixed asset tracking of all purchases, including computers, vehicles, special event equipment. Project Staff shall receive training in fixed asset management by June 30, 2007.</p> <p>17.11 Outside of vehicles and various heavy equipment, a majority of the personal property left on the former base is considered of little or no value by the Navy's caretaker Site Office (CSO). The CSO has requested that TIDA staff assist in coordinating a building-by-building assessment of the remaining personal property for the purpose of transfer and disposal of dilapidated and highly depreciated personal property by TIDA.</p>
						<p>17.12 See response to 17.11.</p>





Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Recommendation		Yes	No	In Part	Dis-agree	Has Recommendation Been Implemented? Explanation if Partially or Not Implemented
17.13. Secure all keys to vehicles, the warehouse and all facilities and provided keys only to authorized individuals.	17.14. With respect to facility management:					17.13 Implemented. TIDA has established a procedure for a key system. All facility and auto keys are kept in a Key Box and one staff member is now responsible for access to Key Box. The warehouse keys are in the control of the Navy, not TIDA. See Exhibit J, Key Policy.
						17.14
						a. Completed. See Building Conditions Report, Exhibit K.
						b. Completed. See Building Conditions Report, Exhibit K.
						c. A new Leasing Policy for this interim use will be developed by June 30, 2007.
						d. DPW has the responsibility for the daily maintenance of the Island.



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Recommendation	Has Recommendation Been Implemented?			Explanation if Partially or Not Implemented
	Yes	No	In Part	
e. Develop procedures for monitoring ongoing maintenance activities of the Department of Public Works.				e. DPW has a Work Order system in place. Quarterly the system "bills" TIDA. In that billing, each Work Order request is presented for payment. The Facilities Manager is responsible for issuing work orders and follow up. This is accomplished by the use of the Lotus Notes—an email requesting the work be done and then "flagging" the request for follow up. See Exhibit L, DPW Work Order Tracking System.
17.15. Establish the responsibility for timely monitoring of the receipt of revenues and assign to staff.				17.15 Implemented. Project Staff has updated the TIDA Revenue Receipts Processing Procedures . See Exhibit M. The Project Administrator is responsible for monitoring of receipts.
17.16. Establish procedures for staff independent of the deposit process to verify that all checks and cash have been deposited.				17.16 Implemented. As per Office of the Controller, December 12, 2005. Additionally, the Office of the City Administrator is now responsible for accounting, administration and monitoring in accordance with the MOU adopted on December 8, 2006. See Exhibit B.





Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Recommendation	Has Recommendation Been Implemented?				Explanation if Partially or Not Implemented
	Yes	No	In Part	Dis-agree	
17.17. Refuse all cash payments and only accept checks, money orders or cashiers checks made payable to the Treasure Island Development Authority.					17.17 Implemented. As per <i>Office of the Controller, Audit Number 05045, December 12, 2005</i> . See Section I. of this submission. Project staff has updated the TIDA Revenue Receipts Processing Procedures. See Exhibit M.
17.18. Update and augment cash receipts policies and procedures to reflect current procedures and staffing, file maintenance, payment monitoring, deposit verification, and cash policies.					17.18 Implemented. Project staff has updated the TIDA Revenue Receipts Processing Procedures. See Exhibit M.
17.19. Direct the Finance Manager on a regular basis to reconcile Special Events payment records with actual deposits and refunds, a calendar of events, and staff time worked on the days of those events.					17.19 Implemented. The Office of the City Administrator is now responsible for accounting, administration and monitoring in accordance with the MOU adopted on December 8, 2006. See Exhibit B.
17.20. Assign responsibility to the Finance Manager to become expert in the financial specifications of the John Stewart Company contract and to monitor financial compliance with the contract on a regular basis.					17.20 Implemented. The Facilities Manager performs due diligence on monthly JSCO reports, including expenses, vacancies and rent collection. Additionally, the Office of the City Administrator is now responsible for accounting, administration and monitoring in accordance with the MOU adopted on December 8, 2006. See Exhibit B.



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Recommendation		Yes	No	In Part	Dis-agree	Has Recommendation Been Implemented? Explanation if Partially or Not Implemented
17.21. Assign responsibility to the Facilities Manager for the operating specifications of the John Stewart Company contract and for monitoring operating compliance with the contract on a regular basis.	17.22. Assign responsibility to the Finance Manager to become expert in the financial specifications of the revenue sharing agreement with the Treasure Island Homeless Development Initiative and to monitor financial compliance with the agreement specifications on a regular basis.					17.21 Implemented. The Office of the City Administrator is now responsible for accounting, administration and monitoring in accordance with the MOU adopted on December 8, 2006. See Exhibit B.
	17.23. Develop written contract policies and procedures for management and administration of professional services contracts, including verifying service delivery, monitoring payments, ensuring insurance requirements are current and maintained, and ensuring that contracts are entered into and are extended, if necessary, in a timely manner (i.e. before services are utilized and expenditures are incurred.).					17.23 Implemented. All contracts follow the procedures of the Office of the City Administrator (OCA) now responsible for accounting, administration and monitoring in accordance with the MOU adopted on December 8, 2006. See Exhibit B. Project Managers is responsible for first approving the service delivery of each invoice. Then the Director of Island Operation approves the payment. Next OCA performs due diligence with regards to monitoring payments, insurance requirements and extensions.



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045
Report Date: 12/12/2005

Recommendation		Yes	No	In Part	Dis-agree	Has Recommendation Been Implemented? Explanation if Partially or Not Implemented
17.24. Direct the Finance Manager to develop new financial spreadsheets to meet the Authority's needs in terms of financial analysis and monitoring budget to actual revenues and expenditures.						17.24 Implemented. The Office of the City Administrator (OCA) is now responsible for accounting, administration and monitoring in accordance with the MOU adopted on December 8, 2006. See Exhibit B. The OCA shall provide revenue and expenditures reports to the TIDA Board of Directors beginning January 2007.
	17.25. Direct the Finance Manager to correct and complete prior year financial spreadsheets in order to be able to conduct analysis across fiscal years.					17.25 Implemented. TIDA entered into a Work Order with the Controller's Office. See <i>Accounting Project of TIDA (FAST Report, March 22, 2006, and Professional Service Agreement, Exhibit A</i> . The Controller's staff worked directly on TIDA accounts to correctly record and to accordingly reclassify TIDA's asset and liability. The Controller's staff reviewed expenditures for one year, FY2005-06 and reviewed revenues for as back as records were available. The Controller's staff made the appropriate adjustment to our accounts. The Office of the City Administrator (OCA) is now responsible for accounting, administration and monitoring, including analysis, in accordance with the MOU adopted on December 8, 2006. See Exhibit B.



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Has Recommendation Been Implemented?

Recommendation	Yes	No	In Part	Dis-agree	Explanation if Partially or Not Implemented
17.26. Work with the Controller's Office to set up appropriate accounting for special event deposits and to establish a ledger for tracking deposits.					17.26 Implemented. TIDA entered into a <i>Professional Service Agreement</i> with the Controller's Office. The Controller's staff worked directly on TIDA accounts to correctly record and to accordingly reclassify TIDA's asset and liability of refundable deposits, including special event deposits. See <i>Accounting Project of TIDA (FAST), March 22, 2006, and Professional Service Agreement, Exhibit A.</i>
17.27. Develop new job descriptions and clear lines of responsibility for each position given the Authority's objectives of 1) property management, 2) negotiating the transfer of federal property, and 3) long-range planning and development of Treasure Island.					17.27 Implemented. By Resolution 06-27-04/17 , adopted on April 17, 2006, the TIDA Board approved its <i>The Report of the Audit Review Committee, Exhibit E.</i> The Report recommended reductions and reclassifications, as well as the transfer of TIDA staff to the Office of the City Administrator. The Office of the City Administrator will now be responsible for hiring staff in accordance with the MOU adopted on December 8, 2006. See Exhibit B. The Project Staff were assigned Class Specifications and Class Title under the City and County of San Francisco employment designations.



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Has Recommendation Been Implemented?

Recommendation		Yes	No	In Part	Disagree	Explanation if Partially or Not Implemented
17.28. Develop goals and objectives for each staff for the coming year and annually thereafter.						
18. The TIDA Board of Directors should: Direct TIDA management to implement the Harvey Rose audit recommendation to develop written policies and procedures for fixed asset tracking and monitoring and create an inventory of existing assets.	X					17.28 In compliance with California Community Redevelopment Law applicable to TIDA, the approved FY 2006-2007 budget identifies the specific accomplishments made during FY 2005-2006 and the specific goals for FY 2006-2007. Goals are established for both TIDA's role as the Navy's "property manager" for the naval station and for negotiations with the Navy on the transfer and the master developer on anticipated redevelopment and reuse of the base. See Exhibit F, <i>TIDA Project Achievement Goals - Project: TI Redevelopment Project</i> . Work Plans for the Project Staff are required as part of their Performance Evaluation for fiscal year 2007-08. These shall be completed by June 30, 2007 and annually thereafter. TIDA will follow the City's administrative policy for fixed asset tracking including computers, vehicles, special event equipment. Project Staff shall receive training in fixed asset management by June 30, 2007 .



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 Report Date: 12/12/2005

Has Recommendation Been Implemented?

Recommendation

Yes No In Part Dis-agree

Explanation if Partially or Not Implemented

19.	Determine whether TIDA should or should not keep the Lincoln Aviator. If the TIDA Board of Directors determines that TIDA should not keep the vehicle, it should direct TIDA management on what to do with the vehicle.	X					Completed. By Resolution No. 05-53-12/14, adopted December 14, 2005, the TIDA Board authorized the purchase of the Aviator in order to reduce TIDA's overall liability under the lease and authorized the consignment sale of the vehicle through a broker to recover a portion of TIDA's costs. The car was sold in April for a net recovery of \$22,700. See <i>Exhibit N</i> .
20.	Require TIDA management to establish internal controls over use of the fuel key and regularly (e.g., quarterly) review the fuel usage reports to ensure that fuel purchases are reasonable and are only being made for the appropriate TIDA vehicles.	X					Completed. The reconciliation of fuel keys to each vehicle is complete. The fuel keys are programmed and labeled for each specific vehicle. Central Shops provides TIDA with a monthly Fuel Expense Report that is now verified by the Project Administrator to assure charges that are appropriate and eligible. These are then approved by the Director for payment. See <i>Exhibit O</i> .
21.	Designate a member of the Board of Directors to approve expense reimbursements for future TIDA directors. An appropriate individual for this responsibility would be the outside Chief Financial Officer who serves on the TIDA Board of Directors.	X					Completed. The Director of Island Operations shall utilize the City and County of San Francisco's expense reimbursement approval process whose approval requires the signature of the City Administrator or his/her designee



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Has Recommendation Been Implemented?

Recommendation	Yes	No	In Part	Dis-agree	Explanation if Partially or Not Implemented
<p>22. Direct TIDA management to establish written policies and procedures for:</p> <p>Evaluating individual purchases to ensure that they are reasonable and related to the interim activities that TIDA is allowed to perform under the master leases with the Navy.</p> <p>Expense reimbursements, including documentation requirements, who approves reimbursements, expenses that are eligible and ineligible for reimbursement, and guidelines on expense reasonableness.</p> <p>Travel reimbursements, indicating whether expenses will be reimbursed on a per diem basis, on the basis of actual expenses, or on the basis of actual expenses up to the per diem limit. If per diem rates are included as a part of TIDA's policy, the policies and procedures should clearly indicate the substantiation method and transition rules in accordance with IRS regulations for accountable plans.</p> <p>Cell phone purchase and use, in keeping with best practices for cell phone policy manuals. At a minimum, the policies should include identification of employees whose job responsibilities necessitate cell phones, rules regarding excess charges, assignment of responsibility for reviewing cell usage, and rules for personal use of phones.</p>	X				<p>Completed. Purchases are governed by TIDA's Purchasing Policy. However, the MOU between TIDA and the Office of the City Administrator will bring the Project Staff under compliance with City and County's policy on expense reimbursement, travel reimbursement and cell phone purchases and use.</p>



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Recommendation **Yes** **No** **In Part** **Disagree** **Has Recommendation Been Implemented?** **Explanation if Partially or Not Implemented**

23.	<p>The TIDA Board of Directors should:</p> <p>Create clear and transparent employment agreements for all future directors of TIDA that are consistent with the regulations of applicable oversight agencies (e.g., CalPERS), including unambiguous definitions of:</p> <ul style="list-style-type: none"> a. Dental and health benefits provided, including who pays for what and how it is paid. b. Pension agreements, including who pays for what and how it is paid. c. Cost of living increases, including specification of the cost of living rate or index that is to be used and for what period, the exact date(s) when cost of living increases are to be applied, and what amount is to be used as the base for the cost of living increase. d. Severance package, including the base amount and specific instructions for the inclusion/exclusion of cost of living increases, incentive bonuses, etc. 	X				<p>This recommendation is no longer applicable. By Resolution 06-27-04/17, adopted on April 17, 2006, the TIDA Board approved its <i>The Report of the Audit Review Committee, Exhibit E. The Report</i> recommended staff reductions and reclassifications, as well as the transfer of TIDA staff to the Office of the City Administrator. The Office of the City Administrator will now be responsible for hiring staff, including administering health plans, pension plans, cost of living increases, and severance policies, in accordance with the MOU adopted on December 8, 2006. See Exhibit B.</p>
24.	<p>Request that the SFRA process the payroll and benefits for TIDA's future director until TIDA becomes an independent agency and employer of record. At that time, the board should assess TIDA's need to continue having the SFRA process all of TIDA's payroll and benefits, or whether TIDA would be large enough to necessitate employing an individual with training in payroll and benefits to administer the payroll, or whether an alternate means of processing payroll and benefits should be used.</p>	X				<p>This recommendation is no longer applicable. By Resolution 06-27-04/17, adopted on April 17, 2006, the TIDA Board approved its <i>The Report of the Audit Review Committee, Exhibit E. Report</i> recommended staff reductions and reclassifications, as well as the transfer of TIDA staff to the Office of the City Administrator. The Office of the City Administrator will now be responsible for hiring staff, including processing payroll, in accordance with the MOU adopted on December 8, 2006. See Exhibit B.</p>



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 Report Date: 12/12/2005

Recommendation	Has Recommendation Been Implemented?				Explanation if Partially or Not Implemented
	Yes	No	In Part	Dis-agree	
25. Submit all payroll and CalPERS information for the former director to CalPERS in order to determine the correct treatment of the former director's pension, including any contribution amounts that require adjustment and collection of overpayments of pension contributions made for the former director.	X				Complete. TIDA, with the assistance of the Controller's Office, has submitted all payroll and CalPERS information on the former director for their determinations on pension and contributions. CalPERS did make an adjustment to our contribution but has not to date reimbursed TIDA for overpayments. This shall be resolved by June 30, 2007.
26. The TIDA Board of Directors should: Determine whether to adopt the audit team's calculation of the former director's severance amount as \$245,276.93, in addition to any amounts needed to pay for dental and health benefits on the former director's behalf through the end of the severance period, or some other calculation.	X				TIDA agreed to a severance amount consistent with the Controller's recommendation.
27. Create clear and transparent employment agreements for all future directors of TIDA, including the basis for severance calculations.		X			This recommendation is no longer applicable. By Resolution 06-27-04/17 , adopted on April 17, 2006, the TIDA Board approved its <i>The Report of the Audit Review Committee, Exhibit E</i> . The <i>Report</i> recommended staff reductions and reclassifications, as well as the transfer of TIDA staff to the Office of the City Administrator. The Office of the City Administrator will now be responsible for hiring staff and administering the City's severance policies, in accordance with the MOU adopted on December 8, 2006. See Exhibit B .



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date: 12/12/2005**

Recommendation	Has Recommendation Been Implemented?				Explanation if Partially or Not Implemented
	Yes	No	In Part	Dis-agree	
28. Reconsider the length of the severance period included in future directors' employment agreements. Instead of an 18-month severance period, the TTDA Board of Directors should consider creating a severance policy that either applies a calculation to determine the length of the severance period based on length of service (e.g., one week of severance per year of service; one month of severance per year of service), or limit the severance period to no more than three to six months.		X			This recommendation is no longer applicable. By Resolution 06-27-04/17 , adopted on April 17, 2006, the TTDA Board approved its <i>The Report of the Audit Review Committee, Exhibit E</i> . The <i>Report</i> recommended staff reductions and reclassifications, as well as the transfer of TTDA staff to the Office of the City Administrator. The Office of the City Administrator will now be responsible for hiring staff and administering the City's severance policies, in accordance with the MOU adopted on December 8, 2006. See Exhibit B .
29. The TTDA Board of Directors should: Direct TTDA staff to reissue the former director's 2004 form W-2 to reflect the taxable income from fringe benefits and reimbursed expenses as required by the IRS. In addition, the former director's 2005 taxable income from fringe benefits and reimbursed expenses should be included in his form W72 for 2005.	X				Completed for 2005. It was determined by the Office of the Controller that the amount for 2004 was insignificant and therefore was not resubmitted.
30. Direct TTDA staff to report taxable income from fringe benefits and reimbursed expenses in the deputy director's 2005 form W-2, as required by the IRS.	X				Completed.



Report Title: Treasury Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 Report Date: 12/12/2005

Recommendation		Yes	No	In Part	Dis-agree	Has Recommendation Been Implemented? Explanation if Partially or Not Implemented
31.	Develop policies and procedures for properly classifying and reporting taxable income for employees to the IRS, or adopt SFRA's procedures.		X			This recommendation is no longer applicable. By Resolution 06-27-04/17 , adopted on April 17, 2006, the TIDA Board approved its <i>The Report of the Audit Review Committee, Exhibit E</i> . The <i>Report</i> recommended staff reductions and reclassifications, as well as the transfer of TIDA staff to the Office of the City Administrator. The Office of the City Administrator will now be responsible for hiring staff, including processing payroll, in accordance with the MOU adopted on December 8, 2006. See Exhibit B .
32.	The TIDA Board of Directors should: Create clear and transparent employment agreements for all future directors of TIDA, including unambiguous definitions of leave amounts, definition of leave types, how leave is accrued, when the employee is eligible to use leave, and how leave is requested and tracked.		X			This recommendation is no longer applicable. By Resolution 06-27-04/17 , adopted on April 17, 2006, the TIDA Board approved its <i>The Report of the Audit Review Committee, Exhibit E</i> . The <i>Report</i> recommended staff reductions and reclassifications, as well as the transfer of TIDA staff to the Office of the City Administrator. The Office of the City Administrator will now be responsible for hiring staff, including the Director, and administering attendance and leave policy, in accordance with the MOU adopted on December 8, 2006. See Exhibit B .





Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Recommendation	Has Recommendation Been Implemented?				Explanation if Partially or Not Implemented
	Yes	No	In Part	Disagree	
33. Require future directors to comply with the following, subject to regular review and approval by a member of the TIDA Board of Directors: Submit leave request forms. Keep an official calendar recording attendance at work and work-related events and meetings.	X				This recommendation is no longer applicable. By Resolution 06-27-04/17 , adopted on April 17, 2006, the TIDA Board approved its <i>The Report of the Audit Review Committee, Exhibit E</i> . The <i>Report</i> recommended staff reductions and reclassifications, as well as the transfer of TIDA staff to the Office of the City Administrator. The Office of the City Administrator will now be responsible for administering attendance and leave policy, in accordance with the MOU adopted on December 8, 2006. See Exhibit B .
34. Clearly communicate to TIDA staff expectations for employee attendance practices, in accordance with the SFRA employee handbook and the employees' applicable memoranda of understanding (MOUs).	X				The Office of the City Administrator will now be responsible for administering attendance and leave policy, in accordance with the MOU adopted on December 8, 2006. See Exhibit B . The Project Staff shall abide by the City and County of San Francisco's employee policies, including attendance policies.
35. Create clear lines of responsibility and supervision for TIDA employees contracted through the SFRA to ensure that work schedules and employee leave are appropriately monitored in accordance with the SFRA employee handbook and the employees' applicable MOUs.					The Office of the City Administrator will now be responsible for administering attendance and leave policy, in accordance with the MOU adopted on December 8, 2006. See Exhibit B . Project Staff shall abide by the City and County of San Francisco's employee policies, including work schedules and employee leave policies.



Report Title: Treasure Island Development Authority
Department: Economic & Workforce Development
Audit Number: 05045 **Report Date:** 12/12/2005

Name:

Title Organization:

Telephone Number:

Signature:

Date

Accounting Project of Treasure Island
Development Authority

City and County of San Francisco

OFFICE OF THE CONTROLLER

FINANCIAL & ACCOUNTING SERVICES TEAM (FAST)

Frances Lee

Tristan Levardo

Bill Vigna

Debra Nicholson

Margarette Alvarez

March 22, 2006

Scope of Services:

The scope of the services includes recording and reclassifying current fiscal year revenues, security deposits, liabilities, expenditures, reimbursements, and fund balance accordingly in the City's financial system "FAMIS". Additionally, the financial practices, accounting and internal control policies and procedures will be reviewed and updated. If time allows, monitoring of interim subleases, receivables, any other non-revenue (e.g., the insurance payments submitted along with the security deposits and rent payments for special events), as well as financial reporting will be reviewed. The project will include comparing income and security deposits with "FAMIS", identifying revenues earned, advances, and security deposit liabilities, and posting adjusting entries to "FAMIS", reconciling bank balance as well as recording liabilities owed to the Navy and the Public Utilities Commission.

Period of Performance:

The original duration of the project was three weeks from 2/13/06 to 3/30/06.

However, due to the complexity and the magnitude of the work, it is anticipated that the project will be completed with a 3-week extension to end 3/28/06.

Objectives, Corrective Action and Accounting Effects:

A summary of the following financial adjustments is attached. Refer to *Attachment 1*.

1. Objective: To appropriately record common area maintenance (CAM) fees collected by TIDA on behalf of the Navy under a provision of the Master Lease agreements and certain interim sublease agreements.
 - Corrective Action: The FY 04-05 CAFR includes adjusting entries to book the liability. In accordance to the settlement reached by the NAVY and TIDA, the first payment of \$450,000 was made on January 23, 2006. This payment will be reclassified in the current fiscal year to partially liquidate the liability. Liabilities of the two future installments payments \$211,335 and \$211,335 due October 1, 2006 and October 1, 2007 have been posted in FAMIS to a separate liability subsidiary GL249-TIDA02.
2. Objective: To appropriately record liabilities for unpaid utility charges to the Public Utilities Commission (PUC). PUC completed a calculation of TIDA's liability, reporting TIDA's total billings as \$3.7 million for the period FY 1997-98 through September 2005. During that same period, TIDA paid \$1.6 million to the PUC, which leaves a resulting liability of \$2.1 million in unpaid utility charges.
 - Corrective Action: The FY 04-05 CAFR includes adjusting entries booking TIDA liability and the PUC receivable. A separate liability subsidiary TIDA07 has been created.
3. Objective: To ensure revenues booked are earned. As of 3/6/2006, \$5.8M have been recognized as revenues.
 - a) Corrective Action and Accounting Effect: Revenues were reclassified for outstanding refundable security deposit liabilities as follows:

- ii. Special event refundable deposits totaling \$112,873 (\$82,448 received in the current fiscal year and \$30,245 received in FY 04-05). See *Attachment 2* for a detailed listing of the liabilities by customer for special events.
 - iii. Commercial lease refundable liabilities totaling \$180,900 (\$74,000 received in the current fiscal year and \$106,900 received in FY 04-05) See *Attachment 3* for a detailed listing of the liabilities by customer both commercial leases.
 - b) Corrective Action and Accounting Effect: Grant funding received in advance for EDA Grant for Causeway Study was erroneously booked as operating revenue. Revenues of \$202,500 were reclassified to a different TIDA subfund as grant funds received in advance.
 - c) Corrective Action and Accounting Effect: Fees collected by TIDA to provide insurance coverage need to be paid out to insurance companies. Such cash receipts for "pay-for-use insurance" for special events were erroneously recorded as revenues. Outstanding insurance receipts of \$10,545 were reclassified from revenues to liabilities. See *Attachment 2* for a detailed listing by customer.
 - d) Corrective Action: Created a dedicated sub-object in FAMIS to track the common area maintenance fees collected at the various properties and separately from the rental income. This distinction will be helpful to TIDA in future consideration of availability of funding for common area improvements. Revenues were reclassified for \$221,371 to the new CAM revenue sub-object. See *Attachment 2* for a detailed listing by customer.
 - e) Corrective Action and Accounting Effect: Cash receipts for employee reimbursements and fees collected for xerox charges were inappropriately posted as revenues. Employees' cell phone cost reimbursement of \$19 and xerox fees of \$51 were reduced from revenues and reclassified as expense abatement.
4. Objective: To review outstanding liabilities related to the revenue sharing contract between TIDA and TIDHI.
- Corrective Action is deemed unnecessary in view of the fact that payments are made to TIDHI on a quarterly basis. Using the "3-month rule" to simplify TIDA's accounting, liabilities do not need to be established if payments occur within 3 months.
5. Objective: To update the financial practices, accounting and internal control policies and procedures at TIDA.
- Corrective Action: The Controller's Office has established written accounting procedures for TIDA, as attached.

Recommendations: During our review of TIDA's financial practices, accounting and internal control policies and procedures, we have the following recommendations:

1. TIDA is using unique index codes to record the revenues separately for the different kinds of revenues and properties, e.g. special events, commercial rentals, Marina, Housing, etc. However, the direct costs associated with each revenue or cost center are not budgeted and reflected accordingly. To operate efficiently as a business enterprise and have meaningful reports for directing and planning purposes, the matching of revenues and expenses is important, and TIDA is recommended to budget and account for revenues and expenses accordingly.
2. TIDA should bill their customers monthly pertaining to special event activities. It is recommended that TIDA continue to use the excel spreadsheets we have created to record each customer's activity, revenues or liabilities booked, refundable security deposits, event date, etc. These spreadsheets serve as subsidiary ledgers and can be reconciled to the special event subsidiary general ledger GL249 - TIDA01. The spreadsheets are also tools for TIDA to determine, when refunds need to be made, whether they should be a revenue refund or reduction from liability. An individual customer file needs to be maintained to capture all the information, such as insurance fees collected for pay per use, additional charges in case of additional days of use, damage costs to be deducted from security deposit refunds, etc.
3. TIDA is recommended to keep track of their commercial lease rental income and delinquent accounts. TIDA should generate monthly invoices for charges per the lease agreements, record late or unpaid rents, bill late fees, utilities, and CAM charges. It is recommended that TIDA maintain our commercial lease spreadsheets to bill and track receipts on a monthly basis. The spreadsheets serve as accounts receivable subsidiary ledgers and facilitate routine monitoring of commercial leases. The *Attachment 3* is a detailed listing of the commercial lease-holders. Of the 26 lessees identified, 3 of them (Glide, Goodwill, and Voice of the Pentacost) were not determined to have paid the security deposits. TIDA should do further investigation.
4. Going forward, work order agreements should be established between TIDA and PUC for the utility costs, and billings should be made monthly or quarterly.
5. TIDA should use caution when following the "3-month rule" to simplify monthly accounting. Liabilities do not need to be established if payments occur within 3 months. Similarly, revenues need not be booked as deferred if there is some certainty that revenues will be earned within 3 months. The department must understand the limitation of this rule, i.e. liabilities may be understated and revenues overstated or expenses understated within the interim 3-month period. A final reconciliation is a necessity at fiscal year-end.

6. To conclude this project, a training session will be scheduled with the TIDA financial and accounting personnel to review the materials presented herewith as well as the accounting procedures to be followed going forward.

Summary of Financial Adjustments - Pre-CAFR

Attachment 1A

	Beg. Balance as of 3/2/06	Adjustments	Explanation	Adjusted Balance
FY 05-06 Revenue	5,826,002	(450,000)	Navy payment	5,376,002
		(211,335)	Navy liability - 10/1/06	5,164,667
		(211,335)	Navy liability - 10/1/07	4,953,332
		(112,693)	Special event refundable deposits	4,840,639
		(180,900)	Commercial lease refundable deposits	4,659,739
		(202,500)	EDA grant fund	4,457,239
		(10,545)	Insurance liabilities	4,446,694
		(70)	Revenue reclass to expense abatement	4,446,624
Subtotal Oper Rev.		(1,379,378)		4,446,624
Other Revenue	1,116,178			1,116,178
Total Revenue	6,942,180			5,562,802
Expenditures	5,336,713			
Utility costs	0	2,100,000	PUC utility charges	7,436,713
		(70)	Expense abatement from revenue	7,436,643
Total Expenditures	5,336,713	2,099,930		7,436,643
Rev. less exp.	1,605,467	(3,479,308)		(1,873,841)
Liabilities				
Deferred Credits	0		GL249/TIDA02 Navy	422,670
			GL249/TIDA07 PUC	2,100,000
			Special event refundable deposits TIDA01	112,693
			Commercial lease refundable deposits TIDA05	180,900
			Insurance liabilities TIDA 04	10,545
				2,826,808

Summary of Financial Adjustments - Post CAFR

Attachment 1B

	Beg. Balance as of 3/2/06	Adjustments	Explanation	Adjusted Balance
FY 05-06 revenue	5,826,002	(112,693)	Special event refundable deposits	5,713,309
		(180,900)	Commercial lease refundable deposits	5,532,409
		(202,500)	EDA grant fund	5,329,909
		(10,545)	Insurance liabilities	5,319,364
		(70)	Revenue reclass to expense abatement	5,319,294
Subtotal Oper Rev.		(506,708)		5,319,294
Other Revenue	1,116,178			1,116,178
Total Revenue	6,942,180			6,435,472
Expenditures	5,336,713	(70)	Expense abatement from revenue	5,336,643
Total Expenditures	5,336,713	(70)		5,336,643
Rev. less exp.	1,605,467	(506,638)		1,098,829
Liabilities				
Deferred Credits	0		Special event refundable deposits TIDA01	112,693
			Commercial lease refundable deposits TIDA05	180,900
			Insurance liabilities TIDA 04	10,545
				304,138

Event Number	Event Date	Index Code	Name of Organization	Refundable Deposits - Liability	Insurance Premiums Revenue - Liability	CAM Revenue	Grant Revenue	total
99-794	4/9/06	210016 TI Special Events	Chiu, Elaine / Sausser, Jenell	1,375.00				1,375.00
99-795	6/10/06	210016 TI Special Events	Vissar, Karen	250.00				250.00
99-797	6/9/06	210016 TI Special Events	SBM Consulting, Inc.	1,625.00				1,625.00
99-716	6/17/06	210016 TI Special Events	Carrasco, Angela (chkt by Kevin Azevedo)	1,625.00				1,625.00
99-720	6/25/06	210016 TI Special Events	Prolo, Jon	1,375.00				1,375.00
99-725	7/8/06	210016 TI Special Events	Winston, Natalie	250.00				250.00
99-727	7/15/06	210016 TI Special Events	Clark, Lauren by Constance Clark	250.00				250.00
99-733	6/4/06	210016 TI Special Events	Tan, Joan	1,625.00				1,625.00
99-734	7/22/06	210016 TI Special Events	Idelfonso, Teodora	1,625.00				1,625.00
99-735	7/29/06	210016 TI Special Events	Alvarez-Trinidad, Melissa	1,625.00				1,625.00
99-736	6/24/06	210016 TI Special Events	Perea, Geaia	1,374.00				1,374.00
99-738	7/1/06	210016 TI Special Events	Know, Sarah	1,375.00				1,375.00
99-742	4/30/06	210016 TI Special Events	Ko, Janice	1,625.00				1,625.00
99-743	7/8/06	210016 TI Special Events	Chares, Esmeralda	1,375.00				1,375.00
99-746	8/18,25/05	210016 TI Special Events	Corner Stone International Comm. Church	180.00				180.00
99-750	8/1/06	210016 TI Special Events	Alvarado, Jole	1,625.00				1,625.00
99-751	8/19/06	210016 TI Special Events	Corcoran, Catherine	1,375.00				1,375.00
99-765	5/19/06	210016 TI Special Events	John Sweet High School	1,200.00				1,200.00
99-766	6/18/06	210016 TI Special Events	Wainer, Wayne	1,625.00				1,625.00
99-767	7/2/06	210016 TI Special Events	Duldiao, Angela	1,375.00				1,375.00
99-769	9/3/06	210016 TI Special Events	Brooks, Rona	250.00				250.00
99-770	9/3/06	210016 TI Special Events	Thierman, Sara	1,375.00	180.00			1,555.00
99-772	5/6/06	210016 TI Special Events	Fung, Stuart	250.00	75.00			325.00
99-777	9/9/2006	210016 TI Special Events	Rushakoff, Susan	1,375.00				1,375.00
99-771	4/23/06	210016 TI Special Events	Anders, Diana	1,375.00				1,375.00
99-781	9/2/2006	210016 TI Special Events	Mola, Hamid	1,374.00				1,374.00
99-781	3/11/2006	210016 TI Special Events	Wanberg, Sarah	1,625.00				1,625.00
99-782	9/22/2006	210016 TI Special Events	Santos, Jairo	1,625.00				1,625.00
99-786	2/19/06	210016 TI Special Events	Leyva, Veronica	1,625.00				1,625.00
99-787	9/30/06	210016 TI Special Events	Ali, Kathryn	1,625.00	180.00			1,805.00
99-788	7/16/06	210016 TI Special Events	Burke Sarah	1,375.00				1,375.00
99-789	8/19/06	210016 TI Special Events	San Francisco Bay Area Council	250.00	115.00			365.00
99-792	6/2-3/06	210016 TI Special Events	San Francisco Bay Area Council	800.00				800.00
99-794	4/6/06	210016 TI Special Events	Sausser, Jenell	500.00				500.00
99-802	5/27/06	210016 TI Special Events	Kuizon, Jessie by Benjamin Soriano	500.00				500.00
99-802	5/27/06	210016 TI Special Events	Kuizon, Jessie by Benjamin Soriano	500.00				500.00
99-803	10/21/06	210016 TI Special Events	Barnett, Angela	1,625.00				1,625.00
99-804	5/6-9/06	210016 TI Special Events	Zack, Howard B.	1,000.00				1,000.00
99-805	11/1-12/2006	210016 TI Special Events	SF Fog RFC	400.00				400.00
99-807	5/26/06	210016 TI Special Events	Baron, Debra	250.00				250.00
99-808	8/29/06	210016 TI Special Events	Voong, Huihui Shi	250.00				250.00
99-809	10/7/06	210016 TI Special Events	Reagan, Beth L.	1,375.00				1,375.00
99-810	5/21/06	210016 TI Special Events	SF Contemporary Music Players	1,100.00				1,100.00
99-811	11/8-12/22/06	210016 TI Special Events	Golden Gate Rugby Club	500.00				500.00

Reclassification of FY 05-06 Special Event Refundable Deposits to Liability' & Revenues (YTD FY 2005-06 as of 3/2/06 8A AAA ACP)

Event Number	Event Date	Index Code	Name of Organization	Refundable Deposits - Liability	Insurance Premiums - Revenue - Liability	CAM Revenue	Grant Revenue	Total
99-812	6/2/06	210016 TI Special Events	Waterkeeper Alliance	1,100.00				1,100.00
99-813	11/17/06	210016 TI Special Events	Carter, Katrina	1,625.00				1,625.00
99-816	3/4-6/3/06	210016 TI Special Events	Golden Gate Womens Soccer League	637.50				637.50
99-817	9/9/06	210016 TI Special Events	Sangster, Noel	250.00				250.00
99-816	4/22/06	210016 TI Special Events	Silverman, Tricia by Jacob A. Yastine	1,375.00				1,375.00
99-820	10/8/06	210016 TI Special Events	Naval Academy Parents Club	200.00	180.00			1,375.00
99-824	10/8/06	210016 TI Special Events	Radovich, Carolyn	1,375.00				1,375.00
99-826	6/24/06	210016 TI Special Events	Tsao, Allison	250.00				250.00
99-830	12/17/05-5/22/06	210016 TI Special Events	SF Fog RFC	500.00				500.00
99-832	9/15/06	210016 TI Special Events	Quan, Martin	1,375.00				1,375.00
99-833	4/29/06	210016 TI Special Events	Austin, Lori	1,375.00				1,375.00
99-834	3/25/06	210016 TI Special Events	Cassandra Grill Consulting	1,500.00				1,500.00
99-835	2/25/06	210016 TI Special Events	Taylor, Dyna	1,625.00				1,625.00
99-836	4/23/06	210016 TI Special Events	Chudgar, Shradha	1,375.00				1,375.00
99-837	7/17/06	210016 TI Special Events	Blume, James	1,487.50				1,487.50
99-838	7/23/06	210016 TI Special Events	Barnick Lynda	1,375.00	115.00			1,490.00
99-839	12/1/06	210016 TI Special Events	Palson, Sarah	1,375.00				1,375.00
99-843	10/14/06	210016 TI Special Events	Team Commercial Construction	200.00				200.00
99-844	9/10/06	210016 TI Special Events	Amaya, Jennifer	1,625.00				1,625.00
99-845	1/2/06-6/8/06	210016 TI Special Events	Siguenza, Pablo	1,375.00				1,375.00
99-847	9/29/06	210016 TI Special Events	SF Golden Gate RFC	1,900.00				1,900.00
99-848	10/22/06	210016 TI Special Events	Hughes, Barbara A.	1,375.00				1,375.00
99-849	6/23/06	210016 TI Special Events	Tran, Tricia by Phuong Tran	1,375.00				1,375.00
99-850	3/18/06	210016 TI Special Events	Murdough, Sarah by Coby Lyons	1,625.00				1,625.00
99-851	9/10/06	210016 TI Special Events	Van Claave, Karen	1,625.00				1,625.00
99-852	8/25/06	210016 TI Special Events	Hung, Emily	250.00				250.00
99-853	11/18/06	210016 TI Special Events	Sepelowski, Louis G.	250.00				250.00
99-854	10/14/06	210016 TI Special Events	Alpi, Christina	1,625.00				1,625.00
99-875	10/15/05	210016 TI Special Events	Mendoza, Antonette L.	1,750.00				1,750.00
99-880	8/21/05	210016 TI Special Events	Kieu, Zen		50.00			50.00
99-880	9/17/05	210016 TI Special Events	Lee, Ben		50.00			50.00
99-880	9/17/05	210016 TI Special Events	Tran Bui Thuy Au (chk by anthony hseih)		50.00			50.00
99-785	10/9/05	210016 TI Special Events	Urban Safari Inc.		50.00			50.00
99-826	8/6/05	210016 TI Special Events	Chao, Shirley		50.00			50.00
99-762	9/23/05	210016 TI Special Events	Chronicle Books		115.00			115.00
99-745	8/29/05	210016 TI Special Events	Financial Freedom SFC		115.00			115.00
99-763	11/4/05	210016 TI Special Events	Newhauser, Susan		115.00			115.00
99-715	7/29/05	210016 TI Special Events	Robert Carey		115.00			115.00
99-704	1/21/06	210016 TI Special Events	Li, Ung Y.		115.00			115.00
99-573	9/3/05	210016 TI Special Events	Lum, Jared		125.00			125.00
99-574	2/4/06	210016 TI Special Events	Roberts, Claire		165.00			165.00
99-580	9/3/05	210016 TI Special Events	Barnhart, Monica		180.00			180.00
99-532	8/13/05	210016 TI Special Events	Benavides, Gissel by Norma Benavides		180.00			180.00
99-740	11/9/05	210016 TI Special Events	Brown, Ronald S.		180.00			180.00
99-511	10/15/05	210016 TI Special Events	Chien Brooke		180.00			180.00

Event Number	Event Date	Index Code	Name of Organization	Refundable Deposits - Liability	Insurance Premiums Revenue - Liability	CAM Revenue	Grant Revenue	Total
99-673	12/11/05	210016 TI Special Events	Clark, Regina by Baifu Yueh		180.00			180.00
99-672	10/06/05	210016 TI Special Events	De Andre, Steve		180.00			180.00
99-668	9/10/05	210016 TI Special Events	Diamond, Maria		180.00			180.00
99-682	10/16/05	210016 TI Special Events	Dittmar Sandra		180.00			180.00
99-822	21/11/06	210016 TI Special Events	Dudum, Ron		180.00			180.00
99-579	8/26/05	210016 TI Special Events	Ghanizadeh, Alousa by Alaman Ghanizadeh		180.00			180.00
99-784	10/20/2005	210016 TI Special Events	Gloons, Majority		180.00			180.00
99-569	9/24/05	210016 TI Special Events	Hickey, Jennifer		180.00			180.00
99-566	10/1/05	210016 TI Special Events	Holst Susanne		180.00			180.00
99-669	10/21/05	210016 TI Special Events	Hoover, Leslie		180.00			180.00
99-531	8/21/05	210016 TI Special Events	Hunt, Shelby by Harvey K. Hunt		180.00			180.00
99-664	9/30/05	210016 TI Special Events	Kane, Lee		180.00			180.00
99-565	9/17/05	210016 TI Special Events	Mandel, Mathew		180.00			180.00
99-606	12/17/2005	210016 TI Special Events	Mansourian, Fahad		180.00			180.00
99-649	9/18/05	210016 TI Special Events	Miller, Tara		180.00			180.00
99-829	10/14/05	210016 TI Special Events	Niland, Kelly		180.00			180.00
99-686	11/12/05	210016 TI Special Events	Norcal High School		180.00			180.00
99-599	12/3/05	210016 TI Special Events	Padilla, Veronica		180.00			180.00
99-612	9/23/05	210016 TI Special Events	Poynter, Amanda		180.00			180.00
99-655	2/18/06	210016 TI Special Events	Robinson, Dorothy		180.00			180.00
99-555	9/4/05	210016 TI Special Events	Roller, Aviva		180.00			180.00
99-636	10/30/2005	210016 TI Special Events	Rosnar, Rachel		180.00			180.00
99-661	11/13/05	210016 TI Special Events	Stanton, Jeffrey		180.00			180.00
99-563	10/8/05	210016 TI Special Events	Stenebjerg, Sarah		180.00			180.00
99-630	8/14/05	210016 TI Special Events	Troing, Quynh-Khu by Hao V. Truong		180.00			180.00
99-630	11/11/05	210016 TI Special Events	Whitten, Julia		180.00			180.00
99-534	8/12/05	210016 TI Special Events	Alexander, Laura by Benjamin Goldhammer		230.00			230.00
99-656	12/10/05	210016 TI Special Events	Carlson, Catherine by Fran Carlson		230.00			230.00
99-541	8/27/05	210016 TI Special Events	Dundon, Margaret		230.00			230.00
99-660	9/9/05	210016 TI Special Events	Hsieh, Frank		230.00			230.00
99-823	1/7/06	210016 TI Special Events	Meshtin, Mohammad		230.00			230.00
99-587	11/12/05	210016 TI Special Events	Morris, Dylan/ Theis, Chrissy		230.00			230.00
99-621	9/25/05	210016 TI Special Events	Shields, Dieder		230.00			230.00
99-647	8/27/05	210016 TI Special Events	Alewark, Senait S.		230.00			230.00
99-801	11/26/05	210016 TI Special Events	American Hanseries Assn by Nictor Stalsh		290.00			290.00
99-717	10/15-16/05	210016 TI Special Events	Singapore American Business Association		290.00			290.00
99-776	10/15/05	210016 TI Special Events	United Playaz		290.00			290.00
99-672	1/1/06	210016 TI Special Events	Lee, Katrina June		340.00			340.00
		210021 TI Marina	Almar Management, Inc.			275.00		275.00
		210016 TI Commercial	Catholic Charities			90.00		90.00
		210022 TI Housing	California Engineering Contractors			20,136.27		20,136.27
		210022 TI Housing	Community Housing Partnership			2,189.12		2,189.12
		210038 TI Commercial	Haight Ashbury Free Clinics, Inc.			5,764.50		5,764.50
		210022 TI Commercial	Island Bay Homes			3,283.68		3,283.68
		210022 TI Housing	John Stewart			147,734.48		147,734.48

Reclassification of FY 05-06 Special Event Refundable Deposits to Liabilities & Revenues (YTD FY 2005-06 as of 3/2/06 8A AAA ACP)

Event Number	Event Date	Index Code	Name of Organization	Refundable Deposits - Liability	Insurance Premiums - Liability	CAMI Revenue	Grant Revenue	Total
		210018 TI Commercial	Rubicon Village			6,165.00		6,165.00
		210022 TI Housing	Swords to Plow Share			1,146.71		1,146.71
		210022 TI Housing	TI Marina			825.00		825.00
		210022 TI Housing	TIHDI			1,494.00		1,494.00
		210021 TI Marina	Treasure Island Marina			825.00		825.00
		210022 TI Housing	Treasure Island Villages JSCO			30,204.50		30,204.50
		210022 TI Housing	Walden House			1,237.46		1,237.46
12/15/05		210009 TI Administration	Federal EDA Funds				202,500.00	202,500.00
				82,448.00	10,545.00	221,370.72	202,500.00	516,863.72

Fiscal Year 04-05 Reclassification of Outstanding Special Event Security Deposits to Liabilities

Event Number	Event Date	Check #	Name of Organization	Refundable Deposits - Liability
99-655	2/18/06	1151	Dorothy Robinson	1,375.00
99-680	4/8/06	1138	Cindy Lau/Robert Asuncion	1,625.00
99-681	4/15/06	2048	Naomi Harrison/Eric Capistran	1,625.00
99-685	4/29/06	1131	Genevieve Echavez	1,375.00
99-693	5/13/06	1018	Jeff Gowen/Jacqueline McDevitt	1,700.00
99-698	5/20/06	175	Jessica Ginsber/Jamie England	1,625.00
99-701	5/27/06	1283	Geraldine Bayquian/John Almazan	1,375.00
99-703	4/1/06	996	Julie Manguy/Francis Avila	1,375.00
99-705	4/15/06	282	Teresa Colton/Gary Kimard	250.00
99-709	3/4/06	2166	Armenian National Committee	1,100.00
99-710	6/3/06	1516	Priscilla Ederle	1,625.00
99-713	5/28/06	1222	Rich Higgins/Phoebe Lewis	1,375.00
99-791	2/5/06	3200	Make A Wish Foundation	3,200.00
99-816	3/4/06	1026	Golden Gate Women's Soccer	825.00
99-839	12/1/06	26320	Team Commercial	1,475.00
99-840	11/5/06	7500	TRI California Events	7,500.00
99-870	3/26/06	337	Korean Jesus Church of SF	1,000.00
				30,425.00
			Grand Total	112,873.00

Commercial Lease - Refundable Deposits reclassified to liabilities and security deposits not received

Leasee:	Security Deposit per Contract	Refundable Security Deposits Received - Liability	Lease Start Date	(Check Amount)	Security Deposits not Received	Monthly Rental
1 Almar Management/ Treasure Island Enterprises	15,000.00	15,000.00	09/01/09	15,000.00		2,500.00
2 Delaney St. Foundation LLC & L.A. Cafe	waived	waived	12/01/05			900.00
3 Gilda	5,000.00	0.00	10/17/05	0.00	5,000.00	1,500.00
4 Goodwill	4,400.00	2,200.00	10/23/05	2,200.00	2,200.00	2,200.00
5 Island Creative Management	10,000.00	10,000.00	01/01/06	10,000.00		18,540.00
6 John Stewart	waived	waived	03/17/09			500,000.00
7 Laura Bertone/PAX Fluid Systems	1,000.00	1,000.00	09/01/05	1,000.00		1,030.00
8 Little League Field	waived	waived	01/01/06			
9 Pacific/AT&T Cellular Over Canada	60,000.00	60,000.00	05/01/00	60,000.00		1,065.00
10 Rain Production	71,800.00	71,800.00	12/21/05	89,465.88		0.00
11 Rex 1 of SF: Kanku Photo	1,000.00	1,000.00	01/01/06	1,000.00		500.00
12 SF City Store/Dave and Associates	500.00	500.00	01/01/00	500.00		364.70
13 San Francisco Cup Class LLC	6,500.00	6,500.00	09/01/03	6,500.00		950.00
14 San Francisco Museum and History Society	waived	waived	01/15/06			
15 San Francisco Sailing Center	5,000.00	5,000.00	12/31/03	5,000.00		100.00
16 SF Department of Aquat	waived	waived	01/01/06			500.00
17 SF Fish Department	waived	waived	07/01/05			150,000.00
18 SF Golden Gate Youth Purify	2,000.00	1,000.00	01/01/05	1,000.00		1,000.00
19 SF Mending	500.00	500.00	10/01/05	500.00		325.00
20 TDA THH/Ship Shoppe	waived	waived	01/01/09			683.75
21 Treasure Island Yacht Club	300.00	300.00	09/01/01	300.00		630.00
22 Tr Gibbs Children's Center/ Midway Healthcare Center	waived	waived	10/01/01			
23 Volvo of the Peninsula	45,000.00	0.00	12/21/05	16,454.58	33,000.00	17,500.00
24 W Wong Construction	2,000.00	2,000.00	01/01/06	2,000.00		2,000.00
25 Western Marine	2,500.00	2,500.00	09/01/05	2,500.00		2,500.00
26 YH THH/Ship Shoppe	waived	waived	01/01/05			1,500.00
Totals	223,100.00	180,900.00		274,060.46	42,200.00	713,686.05

Accounting Procedures for Treasure Island

This document is intended to describe standard accounting procedures for posting revenues, security deposits and recording related expenditures and liabilities in the City's accounting system.

Objectives

- To ensure compliance with the City's accounting policies and procedures and with Generally Accepted Accounting Principles; and
- To ensure appropriate accounting entries, e.g. monies received as refundable deposits or for pass-through purposes are booked accordingly as liabilities and not as revenues.

Accounting Procedures:

1) Cash received as deposits for special events at a future date should be booked as liability, see procedure #2A. Refunds resulting from event cancellation will be made from the liability account, see procedure # 2B. Remaining monies of handling fee or non-refundable revenue should be transferred from the liability account to earned revenues at the time of settlement, see procedure #5B. A subsidiary of each customer shall be maintained on an excel spreadsheet.

Refer to the following tables for selection of index codes, sub-object codes, general ledger, and subsidiary codes.

Index Code Description	Index Code
BUS. & ECON. DEV.-TREASURE ISLAND	210009
TI SPECIAL EVENTS	210016
YBI SPECIAL EVENTS	210017
TI FILM STUDIO & COMMERCIAL RENTAL	210018
TI FILM PERMITS	210019
YBI FILM PERMITS	210020
MARINA RENTAL	210021
TI HOUSING	210022
YBI HOUSING	210023

Subobject Code Description	Subobject	Explanation
OTHER OFFICE SUPPLIES	04951	Copy fees collected as abatement of Other Office Supplies
IS-TIS-ISD SERVICES	081C5	Abatement of charges for personal use of phone
OTHER CITY PROPERTY RENTALS	39899	Special Event fees and Commercial Property Leases
FILMING PERMIT FEES	39540	Filming permit fees
COMMON AREAS MAINTENANCE FEES	39535	Common areas maintenance fees collected from renters
REVENUE SHARING PROGRAM RENTAL FEES	39530	Revenue sharing program

General Ledger Description	General Ledger	Explanation
EQUITY IN CITY TREASURY - POOLED	101	Cash
DEFERRED CREDITS	249	Liability
ACTUAL SOURCES	411	Earned Revenues
ACTUAL USES	431	Expenditures

General Ledger Subsidiary Description	G/L Subsidiary
DEPOSITS - SPECIAL EVENTS	TIDA01
NAVY SETTLEMENT LIABILITY	TIDA02
RENTS RECEIVED IN ADVANCE - SPECIAL EVENTS	TIDA03
INSURANCE - SPECIAL EVENTS	TIDA04
DEPOSITS - NON SPECIAL EVENTS	TIDA05
RENTS RECEIVED IN ADVANCE - NON SPECIAL EVENTS	TIDA06
PUC SETTLEMENT LIABILITY	TIDA07

2) Rental and special event payments received within "3 months" and within the fiscal year that monies are earned can be booked as revenues, see procedure #1. Reconciliation and adjusting entries are required at fiscal year-end. Rental and special event payments in advance of more than 3 months or in a different fiscal year should be recorded as liability, see procedure # 5A, and recognized as revenue on a monthly basis, see procedure #6B. A subsidiary of each commercial lessee shall be maintained on an excel spreadsheet.

3) Fees collected from special events for insurance premiums should be recorded as liability, see procedure #2A and this liability will be reduced by remitting payment due to third party see procedure #2B. Use subsidiary TIDA04.

4) Payments of settlements (Navy and PUC) should be paid as they become due against the liability subsidiaries (TIDA02 and TIDA07 respectively). See procedure #2B.

5) The following page outlines which transaction codes and sub-objects should be used for different types of cash receipts specific to TIDA.

Controller's Office

Prepared 3/23/06

210009 TI Administration	Type	T/C	Sub-object	DR	CR	Subsidiary
Copy fees	Expense abatement	716	04951 Other Office Supplies	101	431	N/A
Employee phone usage abatements	Expense abatement	716	081C5 IS-TIS-ISD services	101	431	N/A
210016 TI Special Events	Type	T/C	Sub-object	DR	CR	Subsidiary
Special event earned revenues	Revenue	718	39899 Other City property rentals	101	411	N/A
Photo print fees	Revenue	718	39899 Other City property rentals	101	411	N/A
Special event refundable security deposits	Liability	724	N/A	101	249	TIDA01 – Deposits Special Events
Special event advance payment liabilities > 3 months	Liability	724	N/A	101	249	TIDA03 – Rents received in advance Special Events
Insurance pass-through	Liability	724	N/A	101	249	TIDA04 – Insurance special events
210018 TI Commercial	Type	T/C	Sub-object	DR	CR	Subsidiary
Current month rental income	Revenue	718	39899 Other City property rentals	101	411	N/A
Advance rent > 3 months	Liability	724	N/A	101	249	TIDA04 – Rents received in advance non special events
Refundable security deposits	Liability	724	N/A	101	249	TIDA05 – Deposits non special events
210019 TI Film Permit/Cell Sites	Type	T/C	Sub-object	DR	CR	Subsidiary
Film Permits Income	Revenue	718	39899 Other City property rentals	101	411	N/A
210020 YBI Film Permits/Cell Sites	Type	T/C	Sub-object	DR	CR	Subsidiary
Current rental income	Revenue	718	39899 Other City property rentals	101	411	N/A
CAM revenues	Revenue	718	39535 CAM fees	101	411	N/A
Advance rent > 3 months	Liability	724	N/A	101	249	TIDA06 – Rents received in advance non special events
Refundable security deposits	Liability	724	N/A	101	249	TIDA05 – Deposits non special events
210022 TI Housing	Type	T/C	Sub-object	DR	CR	Subsidiary
210023 YBI Housing	Type	T/C	Sub-object	DR	CR	Subsidiary
Current rental income	Revenue	718	39899 Other City property rentals	101	411	N/A
CAM revenues	Revenue	718	39535 CAM fees	101	411	N/A
Revenue sharing program	Revenue	718	39530 Revenue sharing	101	411	N/A
Advance rent > 3 months	Liability	724	N/A	101	249	TIDA06 – Rents received in advance non special events
Refundable security deposits	Liability	724	N/A	101	249	TIDA05 – Deposits non special events

Controller's Office

Prepared 3/23/06

1. To record revenues earned.

Accounting effect: Increase cash and increase revenue

FAMIS Transaction Code: 701 or 703 to increase cash, 718 to increase revenue

701 - CASH RECEIPTS DEPOSITED DIRECTLY BY DEPT TO B OF A, or

703 - CASH RECEIPTS DEPOSITED THRU THE TREASURER

718 - RECEIPTS INCREASING REVENUES

Document Type: CR - Cash Receipts

2. A) To record receipt of a refundable security deposit or pass-through monies

B) To record remittance of deposit or pass-through liability.

A) Accounting effect: Increase cash and increase liability.

FAMIS Transaction Code: 701 or 703 to increase cash, 724 to increase liability GL249-DEFERRED CREDITS

701 - CASH RECEIPTS DEPOSITED DIRECTLY BY DEPT TO B OF A, or

703 - CASH RECEIPTS DEPOSITED THRU THE TREASURER

724 - RECEIPTS INCREASING DEFERRED REVENUES/LIABILITIES WITH SUBSIDIARY

Document Type: CR - Cash Receipts

- 234
B) Accounting effect: Decrease cash and decrease liability.

FAMIS Transaction Code: 225 to decrease cash, establish voucher payable, and reduce liability

233 - ESTABLISH A V/P-CURRENT LIABILITY WITH SUBSIDIARY

Document Type: PR (NON RIMS-SHELL) or RM (RIMS) - Direct Payment Requests

3. To adjust the refundable security deposit previously recognized as revenue, which resulted in overstated revenue and understated liability.

Accounting effect: Reduce revenue and increase liability.

FAMIS Transaction Code: 407 to reduce revenue, 414 to increase liability GL249

407 - ADJUSTMENT TO DECREASE REVENUE ACCOUNT

414 - ADJ. TO CREDIT G/L ACCOUNT WITH SUBSIDIARY

Document Type: RT (NON RIMS-SHELL) or RA (RIMS) - Revenue Transfers/Allocations

4. To record refund of revenue.

Accounting effect: Decrease cash and decrease revenue

FAMIS Transaction Code: 217 to establish a voucher payable as revenue refund

217 - ESTABLISH A V/P REVENUE REFUND

Document Type: RR (NON RIMS-SHELL) or RD (RIMS) - Revenue Refunds

5. A) To record unearned revenues received in advance (recommended if received \geq 3 months in advance and required at year-end).

B) To record deferred revenue as earned revenue

A) Accounting effect: Increase cash and increase deferred credits.

FAMIS Transaction Code: 701 or 703 to increase cash, 724 to increase liability GL249-DEFERRED CREDITS

701 - CASH RECEIPTS DEPOSITED DIRECTLY BY DEPT TO B OF A, or

703 - CASH RECEIPTS DEPOSITED THRU THE TREASURER

724 - RECEIPTS INCREASING DEFERRED REVENUES/LIABILITIES WITH SUBSIDIARY

Document Type: CR - Cash Receipts

- B) Accounting effect: Decrease deferred credit and increase revenue.

FAMIS Transaction Code: 413 to reduce liability GL249, 408 to increase revenue

413 - ADJ. TO DEBIT CURRENT LIABILITIES WITH SUBSIDIARY

408 - ADJUSTMENT TO INCREASE REVENUE ACCOUNT

Document Type: RT (NON RIMS-SHELL) or RA (RIMS) - Revenue Transfers/Allocations

6. A) To adjust receipt of revenue booked by the Treasurer's Office as "undistributed or unidentified cash receipts" using transaction codes 703 (CASH RECEIPTS DEPOSITED THRU THE TREASURER OR BANK ACCOUNTS) paired with 712 (UNDISTRIBUTED CASH RECEIPTS).
B) To adjust receipt booked by the Treasurer's Office as "undistributed or unidentified cash receipts" using transaction codes 703 paired with 712, when a receivable e.g. G/L 125 Accounts Receivable or G/L 249 liability has been recorded.

A) Accounting effect: Reverse unidentified receipt and increase revenue.

FAMIS Transaction Code: 401 to decrease unidentified receipts, 408 to increase revenue

401 - ADJUSTMENT TO DECREASE UNIDENTIFIED RECEIPTS

408 - ADJUSTMENT TO INCREASE REVENUE ACCOUNT

Document Type: RT (NON RIMS-SHELL) or RA (RIMS) – Revenue Transfers/Allocations

B) Accounting effect: Reverse unidentified receipt and reduce receivable or liability.

FAMIS Transaction Code: 401 to decrease unidentified receipts, 414 or 424 to reduce receivable or liability

401 - ADJUSTMENT TO DECREASE UNIDENTIFIED RECEIPTS

414 - ADJ. TO CREDIT GENERAL LEDGER ACCOUNT WITH SUBSIDIARY, or

424 - ADJUSTMENT TO DECREASE RECEIVABLES WITH SUBSIDIARY (EXCEPT GRANTS)

Document Type: RT (NON RIMS-SHELL) or RA (RIMS) – Revenue Transfers/Allocations

7. A) To record Non-Sufficient Fund (NSF) – posting, usually performed by the Treasurer's Office, triggered by the bank reconciliation

B) Department to book a receivable for the uncollected revenue and to record an NSF fee

A) Accounting effect: Decrease cash and decrease revenue

FAMIS Transaction Code: 702 to record NSF and reduce cash, 408 to clear NSF negative revenue, 407 to reduce revenue and recognize non-clearing of check

702 - RECORD NSF CHECKS (and reduce cash by the amount of the NSF)

408 - ADJMT. TO INCREASE REVENUE ACCOUNT (increase Treasurer's sub object 78902 NSF fee)

407 - ADJUSTMENT TO DECREASE REVENUE ACCOUNT (to charge the department for the NSF fee)

B) Accounting effect: Increase NSF fee, book NSF revenue and receivable.

FAMIS Transaction Code: 408 to sub object 78902 to book the NSF check amount, 407 in the NSF fee amount, 403 or 423 to record a receivable.

408 - ADJUSTMENT TO INCREASE REVENUE ACCOUNT (move monies out of NSF sub object 78902)

407 - ADJUSTMENT TO DECREASE REVENUE ACCOUNT

403 - ADJ. TO DEBIT G/L ACCOUNT W/ SUBSIDIARY (FOR GL 211,216,219), or

423 - ADJUSTMENT TO INCREASE RECEIVABLES WITH SUBSIDIARY

Document Type: RT (NON RIMS-SHELL) or RA (RIMS) – Revenue Transfers/Allocations

8. A) To record expenses coming through as direct charges by the requesting department and to recognize revenue by the performing department related to interdepartmental services provided.

B) To record direct charges and recognize revenue previously accrued as receivables.

A) Accounting effect: Increase revenue and increase expenditures.

FAMIS Transaction Code: 408 to increase revenue, 405 to increase expenditure

408 - ADJUSTMENT TO INCREASE REVENUE ACCOUNT

405 - ADJUSTMENT TO INCREASE EXPENDITURE ACCOUNT

Document Type: RT (NON RIMS-SHELL) or RA (RIMS) – Revenue Transfers/Allocations

B) Accounting effect: Reduce receivable and increase expenditures.

FAMIS Transaction Code: 424 to reduce receivable, 405 to increase expenditure

424 - ADJUSTMENT TO DECREASE RECEIVABLES WITH SUBSIDIARY (EXCEPT GRANTS/SUBVENTION)

405 - ADJUSTMENT TO INCREASE EXPENDITURE ACCOUNT

Document Type: RT (NON RIMS-SHELL) or RA (RIMS) – Revenue Transfers/Allocations

9. A) To record revenue receivable.

B) To record receipt of revenue previously accrued as receivables.

A) Accounting effect: Increase revenue and increase receivable

FAMIS Transaction Code: 508 to increase revenue receivables

508 - INCREASE REVENUE RECEIVABLES WITH SUBSIDIARY (NON-GRANT)

Document Type: RT (NON RIMS-SHELL) or RA (RIMS) - Revenue Transfers/Allocations

B) Accounting effect: Reduce receivable and increase cash

FAMIS Transaction Code: 714 to reduce receivable, 701 or 703 to increase cash

714 - RECEIPTS APPLIED TO RECEIVABLES WITH SUBSIDIARY

701 - CASH RECEIPTS DEPOSITED DIRECTLY BY DEPT TO B OF A, or

703 - CASH RECEIPTS DEPOSITED THRU THE TREASURER

Document Type: CR - Cash Receipts



**Treasure Island Development Authority
Professional Services Agreement
Contract No. FY06-01**

Contract Amount: \$10,000 – Contract Expires June 30, 2006

THIS AGREEMENT is made and entered into effective February 2, 2006 by and between the CONTROLLER'S OFFICE OF THE CITY AND COUNTY OF SAN FRANCISCO (hereinafter referred to as the "CONTROLLER") and the TREASURE ISLAND DEVELOPMENT AUTHORITY (hereinafter referred to as the "TIDA").

1. RENDITION OF SERVICES:

WHEREAS, The TREASURE ISLAND DEVELOPMENT AUTHORITY contracts with the Controller to provide accounting services pertaining to TIDA accounting records in the City's financial system FAMIS and the CONTROLLER hereby agrees to undertake, carry out and complete all work established herein in a professional and efficient manner satisfactory to TREASURE ISLAND DEVELOPMENT AUTHORITY standards;

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

2. SCOPE OF SERVICES:

The CONTROLLER agrees to provide accounting services as applicable to the recommendations in the Controller's Audit Report dated December 12, 2005. The scope of the services includes recording and reclassifying revenues, security deposits, liabilities, expenditures, reimbursements, and fund balance accordingly in the City's financial system "FAMIS". Additionally, the financial practices, accounting and internal control policies and procedures will be reviewed and updated. If time allows, monitoring of interim subleases, receivables, any other non-revenue (e.g., the insurance payments submitted along with the security deposits and rent payments for special events), as well as financial reporting will be reviewed. The project will include comparing income and security deposits with "FAMIS", identifying revenues earned, advances, and security deposit liabilities, and posting adjusting entries to "FAMIS", reconciling bank balance as well as recording liabilities owed to the Navy and the Public Utilities Commission.

The CONTROLLER will assign a dedicated accountant to work under the direction of an Accounting Manager. The accountant will be working closely with the TIDA Chief Financial Officer, who will provide all the source information for posting transactions to FAMIS. A final report summarizing the activities and the outcome, as well the financial impact on the financial statements will be provided by the accountant and the Manager.

3. PERIOD OF PERFORMANCE:

Services under this Agreement by the CONTROLLER shall begin February 13, 2006 and continuing for 3 weeks through March 3, 2006.

4. COMPENSATION:

The Treasure Island Development Authority agrees to pay CONTROLLER a fixed sum of \$10,000.00 for services performed. Any adjustments in payment must be mutually agreed upon in advance by the Treasure Island Development Authority and the CONTROLLER in writing.

The CONTROLLER shall submit a work order billing upon completion of the project.

5. CHANGES:

A. TIDA may, at any time, make changes within the scope of work and services described in this agreement. If such changes cause an increase in the budgeted cost of or the time required for performance of the agreed upon work, an equitable adjustment as mutually agreed shall be made in the limit on compensation or in the time of required performance or both in the form of an amendment to this contract.

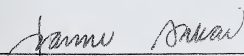
B. In the event the CONTROLLER encounters any unanticipated conditions or contingencies that may affect the scope of work or services and results in an adjustment in the deliverables specified herein, the CONTROLLER shall so advise TIDA immediately upon notice of such condition or circumstance.

6. TERMINATION FOR CONVENIENCE/CAUSE/OR SUSPENSION:

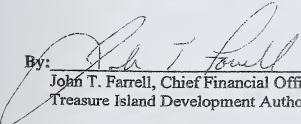
TIDA may for any reason (convenience or cause) terminate or suspend this agreement, in whole or in part, at any time by written notice to the CONTROLLER. The CONTROLLER shall be paid for work performed up to the termination.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below:

TREASURE ISLAND DEVELOPMENT AUTHORITY:


By: 
Joanne Sakai, Deputy Executive Director,
San Francisco Redevelopment Agency *for TIDA*

Date: 2/10/06

By: 
John T. Farrell, Chief Financial Officer
Treasure Island Development Authority

Date:

CONTROLLER:

By: 
Frances Lee, Accounting Operations Director
Controller's Office

Date:

2/10/06



MEMORANDUM OF UNDERSTANDING
REGARDING THE TREASURE ISLAND PROJECT OFFICE

THIS MEMORANDUM OF UNDERSTANDING REGARDING THE TREASURE ISLAND PROJECT OFFICE (this "MOU") is made and entered into as of the ____ day of _____, 2006, by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a nonprofit public benefit corporation (the "Authority"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City").

RECITALS

WHEREAS, On May 2, 1997, the Board of Supervisors of the City and County of San Francisco passed Resolution No. 244-97-003, authorizing the Mayor's Treasure Island Project Office to establish the Authority as a nonprofit public benefit corporation. The purpose of the Authority is to promote the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the former Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare and common benefit of the inhabitants of the City; and

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the Base that are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and

WHEREAS, The Board of Supervisors approved the designation of the Authority as a redevelopment agency with powers over Treasure Island in Resolution No. 43-93, dated February 6, 1998; and

WHEREAS, Under the Act and the Authority's Articles of Incorporation and Bylaws, the Authority, acting by and through its Board of Directors (the "Board of Directors"), has the power, subject to applicable laws, to, among other things, appoint and remove, at the pleasure of the Board of Directors, all of the Authority's officers, agents, and employees, and prescribe powers and duties for them that are consistent with law, with the Authority's Articles of Incorporation and the Bylaws, and enter into agency agreements with governmental agencies, including without limitation, any department, commission or agency of the City, and contract with such governmental agencies for the performance of services in furtherance of and related to the purposes of the Authority; and

WHEREAS, Prior to the effective date of this MOU, the Services described in Section 2 below were provided to the Authority by employees of the Redevelopment Agency of the City and County of San Francisco under an Agency Agreement dated as of June 2004, as amended (the "RDA Agency Agreement"), which terminated on July 21, 2006; and

WHEREAS, On December 14, 2005 at a duly notice public meeting, the Authority's Board of Directors appointed a working group to review the findings of an audit of the Authority

that the Office of the Controller performed and to provide recommendations to the Authority on how to implement the findings and suggestions regarding staffing for the Authority; and

WHEREAS, On March 22, 2006 at a duly noticed public meeting, the findings and recommendations of the working group were presented to the Authority's Board of Directors, which included a recommendation that the most efficient way to provide staffing to the Authority upon expiration of the RDA Agency Agreement is to establish a Treasure Island project office under the jurisdiction of the Office of the City Administrator; and

WHEREAS, On April 17, 2006 at a duly noticed public meeting, the Authority's Board of Directors approved the report and findings of the audit working group and directed staff to create a Treasure Island project office under the jurisdiction of the Office of the City Administrator to provide staffing to the Authority consistent with the audit working group report; and

WHEREAS, The Authority and the City are entering into this MOU to create the Treasure Island project office under the jurisdiction of the Office of the City Administrator to provide staffing to the Authority.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Authority and the City agree as follows:

1. Effective Date. The effective date of this MOU (the "Effective Date") shall be July 1, 2006.
2. Appointment by Authority. The Authority hereby appoints the City, acting by and through the Office of the City Administrator, as its agent to provide the services described in Exhibit A, attached hereto (the "Services"). The Project Office (as defined in Section 3 below) will carry out the day-to-day operations of the Authority in furtherance of its stated purposes, subject to all applicable laws and subject further to the proper exercise of the powers and duties of the Board of Directors described in Sections 1, 2 and 3 of Article V of the Authority's Bylaws, as such Bylaws may be amended from time to time (the "Bylaws").
3. Treasure Island Project Office. Except as otherwise mutually agreed by the Authority and the City, the classifications set forth on Exhibit B shall constitute the Treasure Island Project Office (the "Project Office"). Except as otherwise mutually agreed by the Authority and the City, the City shall create limited term exempt positions pursuant to San Francisco Charter Section 10.104(18) in the classifications set forth on Exhibit B to enable the Project Office to provide the Services described in Section 2 above. The Project Office is hereby granted the full power to carry out any and all powers delegated to the City in this MOU and to carry out any resolutions duly passed by the Authority's Board of Directors. The Project Office is further authorized to execute and deliver any and all documents and take any other actions necessary, advisable or appropriate to carry out the purpose and intent of any such duly passed resolution. The City Administrator shall be the appointing officer for the Project Office.
4. MOU not Exclusive. Nothing herein shall prohibit or otherwise limit the Authority's right to enter into further agency agreements, memorandums of understanding and/or work order arrangements with other public agencies, including without limitation, the City, for the provision of personnel to perform certain Services.

5. Salary and Cost Reimbursement. For so long as this MOU is in effect, the Authority shall pay to the City one hundred percent (100%) of the salaries, overhead and fringe benefits, including without limitation, payments due on separation from the City, of the Project Office staff, and will pay the direct and indirect costs of these and other City employees who implement this MOU, as well as any other City costs associated therewith.

6. Estimated Costs; Payments. The estimated costs that the City will incur under this MOU for Fiscal Year 2006-07 (the "Estimated Costs") is set forth on Exhibit C, attached hereto. The City will bill the Authority for its actual costs under this MOU on a quarterly basis. All invoices shall be accompanied by documentation that verifies the actual costs of the Project Office staff and the other City costs that are payable under this MOU. All invoices shall be subject to the prior written approval of the Authority's Director of Island Operations (the "Director") before any payments from the Authority to the City are posted in FAMIS.

7. Term. Subject to Section 8 below, the term of this MOU shall be for a minimum one (1) year term commencing on the Effective Date, and continue thereafter on a year-to-year basis; provided, however, that any extension of the cumulative term of this MOU beyond two (2) years shall require the prior approval of the Authority's Board and, to the extent applicable, the City's Board of Supervisors.

8. Termination. Either party may terminate this MOU upon sixty (60) days written notice to the other party. The Authority agrees to pay the City any sums due under this MOU within sixty (60) days of any notice of termination.

9. Cooperation. The City and the Authority shall cooperate on matters related to the implementation of this MOU, including, without limitation, by providing regular and advance notice regarding the estimated duration of the term of the MOU, the Project Office's likely staffing needs and projected City costs.

10. Controller's Certification of Funds. The terms of this MOU shall be governed by and subject to the budget and fiscal provisions of the Charter of the City and County of San Francisco. Notwithstanding anything to the contrary contained in this MOU, there shall be no obligation for the payment or expenditure of money by the City or the Agency under this MOU unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the Charter of the City and County of San Francisco, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Without limiting the foregoing, if in any fiscal year of the City or the Authority after the fiscal year in which the term of this MOU commences, sufficient funds for any payments required under this MOU are not appropriated for any reason, then the City or the Authority may terminate this MOU, without penalty, liability or expense of any kind to the City or the Authority, as of the last date on which sufficient funds are appropriated. Each party shall use its reasonable efforts to give the other party reasonable advance notice of such termination.

11. Applicability of Authority's Purchasing Rules and Procedures. The parties agree that in performing the Services under this MOU, the City employees who comprise the Project Office shall comply with the Authority's Bylaws and other rules, principles and laws specifically applicable to the Authority, including without limitation, the Authority's Purchasing Policy and Procedures, adopted on March 11, 1998, and the Authority's Rules and Procedures for Transfer

and Use of Real Property, adopted on March 11, 1998, as such may be amended from time to time.

IN WITNESS WHEREOF, the parties have executed this MOU as of the day and year first above written.

TREASURE ISLAND DEVELOPMENT
AUTHORITY

By: _____
Name: _____
Title: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

DENNIS HERRERA
City Attorney

By: _____
Deputy City Attorney

EXHIBIT A

DESCRIPTION OF SERVICES

- Budget, accounting, financial reporting, financial analysis, human resources, payroll, and certain information technology support to the extent not provided by the City's Department of Telecommunications and Information Services (DTIS).
- Management and financial oversight, including performing internal audits and quality control audits of operating procedures for compliance with Controller's 2004 Audit, as necessary.
- Real Estate services including the use of appraisal personnel, leasing specialist and consultants of the Department of Real Estate.
- Purchasing, procurement and other services customarily provided by the Office of the City Administrator to the extent requested by the Authority.

EXHIBIT B

TREASURE ISLAND PROJECT OFFICE

0953 Deputy Director III

0933 Manager V

4142 Sr. Real Property Officer

1823 Sr. Administrative Analyst

1823 Sr. Administrative Analyst

1823 Sr. Administrative Analyst

1820 Jr. Administrative Analyst

1820 Jr. Administrative Analyst

EXHIBIT C

ESTIMATED COSTS

BUDGETED AMOUNT: \$1,060,505

- Project Office Staff: \$950,505
- Support functions: 110,000
- Management oversight: 0

MEMORANDUM OF UNDERSTANDING
REGARDING THE TREASURE ISLAND PROJECT OFFICE

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RECITALS

WHEREAS, On May 2, 1997, the Board of Supervisors of the City and County of San Francisco passed Resolution No. 244-97-003, authorizing the Mayor's Treasure Island Project Office to establish the Authority as a nonprofit public benefit corporation. The purpose of the Authority is to promote the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the former Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare and common benefit of the inhabitants of the City; and

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the Base that are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and

WHEREAS, The Board of Supervisors approved the designation of the Authority as a redevelopment agency with powers over Treasure Island in Resolution No. 43-93, dated February 6, 1998; and

WHEREAS, Under the Act and the Authority's Articles of Incorporation and Bylaws, the Authority, acting by and through its Board of Directors (the "Board of Directors"), has the power, subject to applicable laws, to, among other things, appoint and remove, at the pleasure of the Board of Directors, all of the Authority's officers, agents, and employees, and prescribe powers and duties for them that are consistent with law, with the Authority's Articles of Incorporation and the Bylaws, and enter into agency agreements with governmental agencies, including without limitation, any department, commission or agency of the City, and contract with such governmental agencies for the performance of services in furtherance of and related to the purposes of the Authority; and

WHEREAS, Prior to the effective date of this MOU, the Services described in Section 2 below were provided to the Authority by employees of the Redevelopment Agency of the City and County of San Francisco under an Agency Agreement dated as of June 2004, as amended (the "RDA Agency Agreement"), which terminated on July 21, 2006; and

WHEREAS, On December 14, 2005 at a duly notice public meeting, the Authority's Board of Directors appointed a working group to review the findings of an audit of the Authority

that the Office of the Controller performed and to provide recommendations to the Authority on how to implement the findings and suggestions regarding staffing for the Authority; and

WHEREAS, On March 22, 2006 at a duly noticed public meeting, the findings and recommendations of the working group were presented to the Authority's Board of Directors, which included a recommendation that the most efficient way to provide staffing to the Authority upon expiration of the RDA Agency Agreement is to establish a Treasure Island project office under the jurisdiction of the Office of the City Administrator; and

WHEREAS, On April 17, 2006 at a duly noticed public meeting, the Authority's Board of Directors approved the report and findings of the audit working group and directed staff to create a Treasure Island project office under the jurisdiction of the Office of the City Administrator to provide staffing to the Authority consistent with the audit working group report; and

WHEREAS, The Authority and the City are entering into this MOU to create the Treasure Island project office under the jurisdiction of the Office of the City Administrator to provide staffing to the Authority.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Authority and the City agree as follows:

1. Effective Date. The effective date of this MOU (the "Effective Date") shall be July 1, 2006.

2. Appointment by Authority. The Authority hereby appoints the City, acting by and through the Office of the City Administrator, as its agent to provide the services described in Exhibit A, attached hereto (the "Services"). The Project Office (as defined in Section 3 below) will carry out the day-to-day operations of the Authority in furtherance of its stated purposes, subject to all applicable laws and subject further to the proper exercise of the powers and duties of the Board of Directors described in Sections 1, 2 and 3 of Article V of the Authority's Bylaws, as such Bylaws may be amended from time to time (the "Bylaws").

3. Treasure Island Project Office. Except as otherwise mutually agreed by the Authority and the City, the classifications set forth on Exhibit B shall constitute the Treasure Island Project Office (the "Project Office"). Except as otherwise mutually agreed by the Authority and the City, the City shall create limited term exempt positions pursuant to San Francisco Charter Section 10.104(18) in the classifications set forth on Exhibit B to enable the Project Office to provide the Services described in Section 2 above. The Project Office is hereby granted the full power to carry out any and all powers delegated to the City in this MOU and to carry out any resolutions duly passed by the Authority's Board of Directors. The Project Office is further authorized to execute and deliver any and all documents and take any other actions necessary, advisable or appropriate to carry out the purpose and intent of any such duly passed resolution. The City Administrator shall be the appointing officer for the Project Office.

4. MOU not Exclusive. Nothing herein shall prohibit or otherwise limit the Authority's right to enter into further agency agreements, memorandums of understanding and/or work order arrangements with other public agencies, including without limitation, the City, for the provision of personnel to perform certain Services.

5. Salary and Cost Reimbursement. For so long as this MOU is in effect, the Authority shall pay to the City one hundred percent (100%) of the salaries, overhead and fringe benefits, including without limitation, payments due on separation from the City, of the Project Office staff, and will pay the direct and indirect costs of these and other City employees who implement this MOU, as well as any other City costs associated therewith.

6. Estimated Costs; Payments. The estimated costs that the City will incur under this MOU for Fiscal Year 2006-07 (the "Estimated Costs") is set forth on Exhibit C, attached hereto. The City will bill the Authority for its actual costs under this MOU on a quarterly basis. All invoices shall be accompanied by documentation that verifies the actual costs of the Project Office staff and the other City costs that are payable under this MOU. All invoices shall be subject to the prior written approval of the Authority's Director of Island Operations (the "Director") before any payments from the Authority to the City are posted in FAMIS.

7. Term. Subject to Section 8 below, the term of this MOU shall be for a minimum one (1) year term commencing on the Effective Date, and continue thereafter on a year-to-year basis; provided, however, that any extension of the cumulative term of this MOU beyond two (2) years shall require the prior approval of the Authority's Board and, to the extent applicable, the City's Board of Supervisors.

8. Termination. Either party may terminate this MOU upon sixty (60) days written notice to the other party. The Authority agrees to pay the City any sums due under this MOU within sixty (60) days of any notice of termination.

9. Cooperation. The City and the Authority shall cooperate on matters related to the implementation of this MOU, including, without limitation, by providing regular and advance notice regarding the estimated duration of the term of the MOU, the Project Office's likely staffing needs and projected City costs.

10. Controller's Certification of Funds. The terms of this MOU shall be governed by and subject to the budget and fiscal provisions of the Charter of the City and County of San Francisco. Notwithstanding anything to the contrary contained in this MOU, there shall be no obligation for the payment or expenditure of money by the City or the Agency under this MOU unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the Charter of the City and County of San Francisco, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Without limiting the foregoing, if in any fiscal year of the City or the Authority after the fiscal year in which the term of this MOU commences, sufficient funds for any payments required under this MOU are not appropriated for any reason, then the City or the Authority may terminate this MOU, without penalty, liability or expense of any kind to the City or the Authority, as of the last date on which sufficient funds are appropriated. Each party shall use its reasonable efforts to give the other party reasonable advance notice of such termination.

11. Applicability of Authority's Purchasing Rules and Procedures. The parties agree that in performing the Services under this MOU, the City employees who comprise the Project Office shall comply with the Authority's Bylaws and other rules, principles and laws specifically applicable to the Authority, including without limitation, the Authority's Purchasing Policy and Procedures, adopted on March 11, 1998, and the Authority's Rules and Procedures for Transfer

and Use of Real Property, adopted on March 11, 1998, as such may be amended from time to time.

IN WITNESS WHEREOF, the parties have executed this MOU as of the day and year first above written.

TREASURE ISLAND DEVELOPMENT
AUTHORITY

By: _____
Name: _____
Title: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

DENNIS HERRERA
City Attorney

By: _____
Deputy City Attorney

EXHIBIT A

DESCRIPTION OF SERVICES

- Budget, accounting, financial reporting, financial analysis, human resources, payroll, and certain information technology support to the extent not provided by the City's Department of Telecommunications and Information Services (DTIS).
- Management and financial oversight, including performing internal audits and quality control audits of operating procedures for compliance with Controller's 2004 Audit, as necessary.
- Real Estate services including the use of appraisal personnel, leasing specialist and consultants of the Department of Real Estate.
- Purchasing, procurement and other services customarily provided by the Office of the City Administrator to the extent requested by the Authority.

EXHIBIT B

TREASURE ISLAND PROJECT OFFICE

0953 Deputy Director III

0933 Manager V

4142 Sr. Real Property Officer

1823 Sr. Administrative Analyst

1823 Sr. Administrative Analyst

1823 Sr. Administrative Analyst

1820 Jr. Administrative Analyst

1820 Jr. Administrative Analyst

EXHIBIT C
ESTIMATED COSTS

BUDGETED AMOUNT: \$1,060,505

- Project Office Staff: \$950,505
- Support functions: 110,000
- Management oversight: 0

[Approval of an Agreement between the United States of America and Treasure Island Development Authority]

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE SETTLEMENT AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE TREASURE ISLAND DEVELOPMENT AUTHORITY TO SATISFY A CLAIM FOR OUTSTANDING COMMON AREA SERVICE CHARGES

WHEREAS, The Authority and the United States of America, acting by and through the Department of the Navy (the "Navy"), entered into the following master leases

- Treasure Island Homeless Development Initiative Residential Master Lease, effective September 1, 1999;
- Fire Fighting Academy Master Lease, effective December 15, 1997;
- Cell Site Master Lease, effective February 1, 2000;
- Police Academy Master Lease, effective April 5, 1999;
- Delancey Street Master Lease, effective December 1, 1999;
- Marina Master Lease, September 4, 1998;
- South Waterfront Master Lease, effective September 4, 1998;
- Land & Structures Master Lease, effective November 19, 1998;
- Events Venues Master Lease, effective September 4, 1998;
- John Stewart Residential Master Lease, effective March 17, 1999;
- Quarters 230 Master Lease, effective June 1, 1999

1 for the Authority to use and rent out certain land and structures throughout Treasure Island
2 and Yerba Buena Island for residential and other uses; and,

3 **WHEREAS**, The above described master leases enable the Authority to sublease
4 portions of the master leased areas for interim uses and generate revenues to support the
5 interim uses and the future redevelopment of the former Naval Station Treasure Island; and,

6 **WHEREAS**, Commencing on the effective dates described above through
7 September 30, 2000, the above described master leases required the Authority pay to the
8 Navy a common area service charge (CAM charge) as consideration for common area
9 maintenance services performed by the Navy, and

10 **WHEREAS**, The Authority did not make CAM charge payments to the Navy from
11 September 1, 1998 through September 30, 2000, and

12 **WHEREAS**, Effective October 1, 2000, the Navy and the Authority entered into
13 agreements by which the Navy discontinued providing common area maintenance services
14 and the obligation of the Authority to pay for said services terminated; and

15 **WHEREAS**, the Navy has submitted a demand and claim to the Authority in the
16 amount of \$1,375,824.00 as the Navy estimate of unpaid CAM charges up through
17 September 30, 2000; and

18 **WHEREAS**, the Authority has acknowledged an obligation to pay reasonable unpaid
19 CAM charges to the Navy as compensation for services performed by the Navy for the benefit
20 of the Authority as tenant to the Navy in accord with above described Master Leases, and

21 **WHEREAS**, the Authority has disputed the amount of the Navy claim and,
22
23
24
25

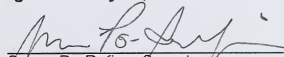
1 **WHEREAS**, the Authority and the Navy have met and conferred and agreed that the
2 total amount of past due CAM charges owed up to September 30, 2000 is \$872,671.65 ; now
3 therefore be it

4 **RESOLVED**, That the Board of Directors hereby authorizes the Executive Director to
5 enter into a settlement agreement with the United States of America acting by an through the
6 Department of the Navy, in substantially the form attached hereto as Exhibit A (the
7 "Settlement Agreement") to settle the amount of the CAM charges obligation owed by the
8 Authority to the Navy as described above and set forth in further detail in Exhibit A.

9
10 **FURTHER RESOLVED**, That the Board of Directors authorizes the payment of the
11 \$872,671.65 in past due CAM charges to the Navy in accordance with the terms and
12 conditions of the Settlement Agreement attached as Exhibit A and as follows: (i) a payment of
13 \$450,000 promptly upon execution of the Settlement Agreement, (ii) a payment of
14 \$211,335.83 on or before October 1, 2006, and (iii) a final payment of \$211,335.83 on or
15 before October 1, 2007.
16
17

18 **CERTIFICATE OF SECRETARY**

19
20 **I hereby certify that I am the duly elected and acting Secretary of the Treasure**
21 **Island Development Authority, a California nonprofit public benefit corporation, and**
22 **that the above Resolution was duly adopted and approved by the Board of Directors**
23 **of the Authority at a properly noticed meeting on January 23, 2006.**

24
25 
 Susan Po-Rufino, Secretary



SETTLEMENT AGREEMENT
BETWEEN
THE UNITED STATES OF AMERICA
AND
TREASURE ISLAND DEVELOPMENT AUTHORITY

THIS SETTLEMENT AGREEMENT ("Agreement") made this 23rd day of January 2006, by and between the UNITED STATES OF AMERICA, acting by and through the Department of the Navy, hereinafter called the "Government", and the TREASURE ISLAND DEVELOPMENT AUTHORITY, hereinafter called the "Authority." The Government and the Authority hereby agree as follows:

1. Facts. This Agreement is based upon the following facts:
 - a. The Government and the Authority are parties to those Master Leases shown on Exhibit A, attached hereto and made a part hereof.
 - b. From the commencement date of each Master Lease listed on Exhibit A up to September 30, 2000, each Master Lease required the Authority to pay the Government common service charges (hereafter, "CAM Charges") as follows: \$0.025 per square foot per month of used or occupied building space and \$0.003 per square foot of land area used or occupied by the Authority or subleased by the Authority to another.
 - c. The Government submitted a written claim and demand to the Authority for \$1,375,824.95 in past due CAM Charges. The Government requested that the Authority review the calculations supporting the claimed amount and either pay the claimed amount or propose revisions to the calculations based upon sublease records in the possession of the Authority.
 - d. The Authority subsequently proposed revisions to the Government's calculation of the past due CAM Charges up to September 30, 2000, based upon sublease records and other data in the Authority's possession.
 - e. After meeting and conferring, the Government and the Authority have agreed that the total amount of past due CAM Charges owed up to September 30, 2000 is \$872,671.65.
2. Payments. The Government and the Authority have agreed that the Authority shall pay to the Government the \$872,671.65 CAM Charges in accordance with the following payment schedule:
 - a. The Authority shall pay \$450,000.00 promptly upon the execution of this Agreement, by valid check made payable to "United States Department of the Treasury" and delivered to the following address:

Department of the Navy
Base Realignment and Closure
Program Management Office West
Attn: Ms. Elizabeth Larson
1455 Frazee Road, Suite 900
San Diego, CA 92108-4310

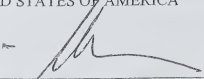
b. The Authority shall pay the balance, in the manner and to the address specified in Paragraph 2(a) above, in two annual installments of \$211,335.83, one payment to be paid on or before October 1, 2006 and the other to be paid on or before October 1, 2007.

3. Release. In consideration for, and subject to, the Authority's payments as set forth in paragraph 2 above, and except as otherwise provided in this paragraph, the Government hereby forever waives, releases and discharges the Authority from all present and future claims, including without limitation, any obligation to pay interest or damages (including consequential damages), arising out of the Authority's failure to pay CAM Charges accruing up to September 30, 2000, under the Master Leases listed in Exhibit A hereto. Any claims or actions arising out of, or seeking enforcement of, this Settlement Agreement are excepted from this release.

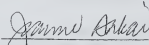
IN WITNESS WHEREOF, the parties hereto have, on the respective dates set forth above duly executed this Agreement as of the day and year first above written.

UNITED STATES OF AMERICA

TREASURE ISLAND DEVELOPMENT
AUTHORITY

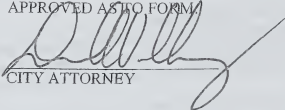


Title **WILLIAM R. CARSILLO**
REAL ESTATE CONTRACTING OFFICER
DEPARTMENT OF THE NAVY



Deputy Assoc Director, SF Redw. Agency,
on behalf of TIDA

APPROVED AS TO FORM



CITY ATTORNEY

EXHIBIT "A"

List of Master Leases

Master Leases Related to Delinquent CAM at Naval Station Treasure Island

<u>Navy Lease Number</u>	<u>Lease Description</u>	<u>Effective Date</u>	<u>Expiration Date</u>
NG247499RP00B19	THDI	9/1/99	8/31/14
NG247498RP00P22	FIRE FIGHTING	12/15/97	12/14/12
NG247400RP41B03	CEL SITE	2/1/00	10/14/03
NG247499RP00B08	POLICE ACADEMY	4/5/99	4/4/04
NG247499RP00B28	DELANCEY STREET	12/1/99	11/30/04
NG247498RP00Q01	MARINA	9/4/98	9/3/02
NG247498RP00P99	SOUTH WATERFRONT	9/4/98	9/3/02
NG247499RP42P12	LAND & STRUCTURES	11/19/98	11/18/02
NG247498RP00Q03	EVENT VENUES	9/4/98	9/3/02
NG247499RP00B05	JOHN STEWART	3/17/99	3/16/14
NG247400RP00B20	QUARTERS 230	6/1/99	11/10/00

**Delancey Street terminated 6/20/01

**



TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

January 24, 2006

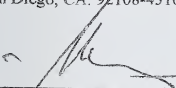
On behalf of the United States Treasury, for the benefit of the US Navy, I acknowledge receipt of the following:

1. Fully executed Settlement Agreement Between The United States of America, acting by and through the Department of the Navy, and the Treasure Island Development Authority, said agreement executed by:

William Carsillo, Real Estate Contracting Officer – Department of the Navy
Joanne Sakai, Deputy Director, SF Redev. Agency, on behalf of TIDA
Donnell Choy, City Attorney (City of San Francisco)

2. Check No. 1601-0003299 in the amount of \$450,000.00 (Four Hundred and Fifty Thousand Dollars and No Cents) payable by the City and County of San Francisco to Department of the Navy Base Realignment & Closure Program Management Office West

Attn: Ms. Elizabeth Larson
1455 Frazee Road #900
San Diego, CA. 92108-4310



WILLIAM R. CARSILO
REAL ESTATE CONTRACTING OFFICER
DEPARTMENT OF THE NAVY
Name, Title

1/24/06

Date

On behalf of TIDA, I declare delivery of above to the United States Navy



Name, Title

1/24/06

Date

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

K OF AMERICA N.T. & S.A.
345 Montgomery Street
San Francisco, CA

CITY AND COUNTY OF SAN FRANCISCO

PAYABLE AT ANY BANK IF PRESENTED WITHIN NINETY DAYS

1601-0000

11-35
1210

DATE

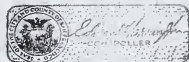
01/23/2006

FOUR HUNDRED FIFTY THOUSAND DOLLARS AND NO CENTS

AMOUNT

\$ ****450,000.00

DEPARTMENT OF THE NAVY
BASE REALIGNMENT & CLOSURE
PROGRAM MANAGEMENT OFFICE WEST
ATTN: MS ELIZABETH LARSON
1455 FRAZEE RD #900
SAN DIEGO CA 92108-1310



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DOCUMENT NUMBER DOC REF NUMBER
DESCRIPTION
PRBE0650002201 12300602
SETTLEMENT AGREEMENT BETWEEN US NAVE & TIDA

AMOUNT
450,000.00


DETACH BEFORE DEPOSITING

$$\begin{array}{r} 11.35 \\ \underline{12.10} \end{array}$$

09/28/2006

AMOUNT

\$ ****211,335.83



Edward Harrington
 CONTROLLER

№ 6003 24 58 79 № 12 10003 58 № 14 990 80080 №

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700001701	
1906*US NAVY & TIDA CAM CHARGES 2ND INSTLMNT	
700001702	
HARGES BTWN US NAVY & TIDA 2ND INSTLMNT	

AMOUNT

211,335.00

.83

09/28/2006

211,335.83

DEPARTMENT OF THE NAVY
BASE REALIGNMENT & CLOSURE
1455 FRAZEE RD #900
SAN DIEGO CA 92108-4310



FAML6300 V5.1
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TRANS DESC. : 1ST QUARTER UTILITY BILLING FOR TREASURE ISLAND
AMOUNT : 181,328.27 DUE DATE : SINGLE CHECK :
VENDOR NUMBER :
INDEX CODE : 705035 TREASURE ISLAND DEVELOPMENT AUTHORITY
SUB-OBJECT : 081UH GF-PUC-HETCH HETCHY
USER CD :
GRANT / GR DTL :
PROJ / PJDTL : PBE002 TREASURE ISLAND PROJECT
START DATE : END DATE :
G/L / SUBSID :
BANK NO/ SUBSID :
TREAS NUM :
CURRENCY CODE : CONV DATE : FRGN CURR AMT:
F1-HELP F4-PRIOR F5-NEXT

F9-LINK

F11-NOTEPAD F12-APPR HIST

G014 - RECORD FOUND

To: FRUSHTAH

PAGES : 6

FAML4010 V5.1
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7:50 AM

NOTEPAD : Y

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 ENTERED BY : MANCENIDO, CARMELITA
 DOCUMENT NUMBER : WEUH07000001 INITIATING DEPT : PUC
 INPUT PERIOD (MM YYYY) : 11 2006 NOVEMBER
 VENDOR NUMBER / SUFFIX : APPROVAL TYPE : 01
 VENDOR NAME :
 VENDOR ADDRESS :

STREET :
 CITY / STATE / ZIP : COUNTRY:
 DBA NAME :
 BANK NUMBER :
 DUE DATE : TREAS NO :
 DOCUMENT AMOUNT : 362,656.54 SINGLE CHECK :
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 TRANSACTION CODE HASH : 916 RESPONSIBLE UNIT :
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 F7-VIEW DOC F8-SUBMIT F9-LINK F10-SAVE F12-ADL FCTNS
 G014 - RECORD FOUND

SUSAN LEAL
 PUC General Manager

By _____

190

QDM

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FAML4760 V5.1
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7:50 AM

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02	466		WKCA070000085	01	326120	086CA		N
			1ST QUARTER UTILITY BILLING FOR TREASURE ISLAND					181,328.27

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FAML1010 V5.1

CITY AND COUNTY OF SAN FRANCISCO--NFAMIS
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PAGE : 01 OF 01-----
FIRST QUARTER UTILITY BILLING FOR TREASURE ISLAND.

JULY, 2006.....	\$ 58,032.68
AUGUST, 2006.....	74,998.53
SEPTEMBER, 2006.....	48,297.06

TOTAL	\$ 181,328.27
=====	

F1-HELP F2-TOP
F7-PRIOR PG F8-NEXT PG
G001 - RECORD SAVEDF3-COPY LINE F4-AUDIT
F10-SAVEF5-INS LINE F6-INS PAGE
F11-DEL LINE F12-DEL PAGE

	1st Qtr	July	August	Sept
TI-00-0001	TIDA - Special Events			\$0.00
TI-00-0002	TIDA - Norm Cal Volleyball Association			\$0.00
TI-00-0009	TIDA - Bldg. 3			\$580.93
TI-00-0012	TIDA - Rubicon Electric		\$228.58	\$95.80
TI-01-0001	TIDA-Bldg. 280	\$4,299.49	\$31.12	\$215.70
TI-01-0002	TIDA - Ball Field	\$27.41	\$31.98	\$9.14
TI-01-0004	TIDA - Bldg. 96			\$0.00
TI-01-0008	TIDA - Bldg. 2			\$0.00
TI-01-0009	TIDA - Bldgs. 461-463			\$0.00
TI-02-0001	TIDA - Pier 1	\$1,889.07	\$1,209.31	\$773.27
TI-02-0004	TIDA - Bldg 670	\$1.14	\$1.14	\$5.71
TI-03-0004	TIDA - Bldg 99	\$149.57	\$723.38	\$422.54
TI-97-0008	Mayor's Marina Yacht Club/Marina Harbor	\$260.38	\$310.63	\$301.49
TI-97-0009	Navy - Building 140 - Nimitz Center			\$0.00
TI-97-0014	Navy Billboard	\$169.72	\$317.33	\$233.55
TI-97-0022	Mayor's Restaurants/Library			\$0.00
TI-97-0023	Short-term Rentals - Bldg. 180	\$915.67	\$1,086.07	\$1,263.50
TI-98-0001	ED TV	\$1,140.78	\$1,653.11	\$1,156.53
TI-98-0003	Street Lights			\$0.00
TI-99-0006	TIDA - Irrigation	\$8,720.07		\$0.00
TI-99-0012	TIDA - Building 1	\$128,520.00		\$0.00
YBI-00-0001	Bldg. 240-Unit A (TIDA)	\$20,486.56		\$0.00
YBI-00-0002	Bldg. 240-Unit C (TIDA)	\$0.00		\$0.00
YBI-00-0003	Bldg. 240-Unit H (TIDA)	\$0.00		\$0.00
YBI-00-0004	Bldg. 240-Unit K (TIDA)	\$0.00		\$0.00
YBI-00-0005	Bldg. 240-Unit M (TIDA)	\$0.00		\$0.00
YBI-00-0006	Bldg. 240 (TIDA)	\$488.78		\$0.00
YBI-00-0007	Library (TIDA)			\$0.00
YBI-01-0001	Bldg. 61A (TIDA)			\$0.00
YBI-01-0002	TIDA - YBI Qtrs. 2,3,4, & 6	\$1,270.61		\$0.00
YBI-01-0003	TIDA - YBI Qtrs. 7	\$323.02		\$0.00
YBI-04-0003	Qtrs 61a & 61b	\$866.92		\$0.00
YBI-04-0004	Housing - Bldg 10	\$305.43		\$0.00
YBI-97-0010	Cruz Residence	\$599.77		\$0.00
YBI-97-0013	Nimitz House	\$599.77		\$0.00
YBI-97-0014	Linka Residence	\$0.00		\$0.00
YBI-98-0001	Mayor - YBI Qtrs. 7	\$0.00		\$0.00
YBI-98-0003	Mayor - YBI Qtrs. 5	\$267.97		\$0.00
YBI-98-0005	Managed Residence-Qtrs. 240	\$0.00		\$0.00
YBI-98-0008	Bldg. 240-Unit A (TIDA)	\$0.00		\$0.00
YBI-98-0015	Bldg. 240-Unit G	\$0.00		\$0.00
YBI-99-0004	YBI-Qtrs. 62	\$3,111.00		\$0.00
YBI-99-0005	Bldg. 240 Unit L (TIDA)	\$0.00		\$0.00
		\$157.60	\$182.72	\$148.46
		\$405.68	\$423.09	\$441.73
		\$108.16	\$109.61	\$105.25
		\$295.40	\$330.80	\$240.72
		\$110.22	\$101.41	\$93.80
		\$139.61	\$233.59	\$186.31
		\$3.14	\$3.57	\$2.86
		\$85.98	\$95.12	\$85.98
		\$119.62	\$136.28	\$123.28

YBI-99-0006	Bag. 240 Unit B (TIDA)	\$0.00
YBI-99-0007	Bag. 240 Unit D (TIDA)	\$0.00
YBI-99-0008	Bag. 240 Unit E (TIDA)	\$0.00
YBI-99-0010	Bag. 240 Unit J (TIDA)	\$0.00
YBI-99-0011	Bag. 240 Unit F (TIDA)	\$0.00
Total		\$181,328.27

\$58,032.68 \$74,998.53 \$48,297.06

1 [Approval of Audit Committee Report]

2
3 **Resolution Approving the Report of the Audit Review Committee and Directing Staff to**
4 **Implement the Steps Contained Within the Committee Report for the Purpose of**
5 **Establishing a Project Office Under the Jurisdiction of the Office of the City**
6 **Administrator to Provide Staffing to the Authority**

7 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
8 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
9 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
10 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
11 conversion of the Base for the public interest, convenience, welfare and common benefit of
12 the inhabitants of the City and County of San Francisco; and,

13 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
14 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
15 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Authority
16 as a redevelopment agency under California redevelopment law with authority over the Base
17 upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the
18 Base which are subject to Tidelands Trust, vested in the Authority the authority to administer
19 the public trust for commerce, navigation and fisheries as to such property; and,

20 WHEREAS, The Board of Supervisors approved the designation of the Authority as a
21 redevelopment agency for Treasure Island in 1997; and,

22 WHEREAS, At its December 14, 2005 meeting the Authority appointed a working
23 group to review the findings of an audit of the Authority performed by the Office of the
24 Controller and to provide recommendations to the Authority on how to implement the findings
25 and suggestions regarding staffing for the Authority contained in the audit report; and,

1 WHEREAS, The findings and recommendations of the working group were presented
2 to the Authority Board at its March 22, 2006 meeting; and,

3 WHEREAS, The working group report recommended that the most efficient way to
4 provide staffing to the Authority upon expiration of the current Agency Agreement between the
5 Authority and the San Francisco Redevelopment Agency for the provision of staff services
6 was to establish a Treasure Island project office under the jurisdiction of the Office of the City
7 Administrator; and,

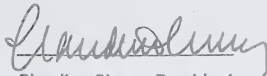
8 WHEREAS, The Office of the City Administrator has agreed to the establishment of
9 such a project office under its jurisdiction; now therefore be it

10 RESOLVED, That the Board of Directors of the Treasure Island Development Authority
11 hereby approves the report and findings of the Audit Review Working Group and directs staff
12 to implement the steps contained within the Working Group Report in order to create a project
13 office under the jurisdiction of the Office of the City Administrator to provide staffing to the
14 Authority; and be it

15 FURTHER RESOLVED, That the Board of Directors additionally authorizes staff to
16 implement the steps necessary to terminate the existing Agency Agreement between the
17 Authority and the San Francisco Redevelopment Agency for the provision of staffing services
18 in conjunction with the creation of the project office under the jurisdiction of the Office of the
19 City Administrator

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting President of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed special meeting on April 17, 2006.


Claudine Cheng, President



I. Introduction and Executive Summary.

This report has been prepared in response to a request by the Treasure Island Development Authority Board that the following issues be analyzed: (i) Should TIDA continue to receive most if not all of its services from a combination of work-order/agency agreements with other City departments and agencies or should it separately hire some or all of its staff; (ii) what is the correct staffing configuration for TIDA's core on-island staff, and (iii) if TIDA does not separately hire its staff, what City department or agency should serve as the "host agency" for TIDA's on-island staff. As directed by the TIDA Board, this report was prepared by a committee led by Board member John Elberling and comprised of representatives from the San Francisco Redevelopment Agency, the acting TIDA Director, the Controller's Office, the Mayor's Budget Office, the Office of the City Attorney, and the Mayor's Office of Base Reuse and Development (the "Committee").

II. Background.

TIDA was established as a California nonprofit public benefit corporation and designated certain powers under state and local legislation for the purpose of promoting the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the former Naval Station Treasure Island (the "Base"). Specifically, the Treasure Island Conversion Act of 1997 (the "Act"), passed by the California legislature in 1997, granted to TIDA the State's authority to administer the Tidelands Trust on Treasure Island/Yerba Buena Island and enabled TIDA to be designated as a redevelopment agency under the California Community Redevelopment Law.

TIDA is a separate legal entity from the City. All of TIDA's powers are vested in a seven-member Board of Directors (the "TIDA Board"). Under TIDA's Bylaws and California Community Redevelopment law, TIDA has the authority to contract with any other agency, including the City, for the furnishing of any necessary staff services associated with or required by redevelopment and that may be performed by the staff of such an agency. The reason for this provision is that for many small redevelopment agencies like TIDA it is not efficient to establish a separate payroll and human resources organization to administer a relatively small staff. Rather, it is often more efficient for such agencies to secure staff services from their "host" cities.

As will be described further below, because of the changing nature of its mission, TIDA has particularly compelling reasons for *not* separately hiring its staff. Other than the employment contract with the immediately prior Executive Director, TIDA has never had any direct employees since its inception in 1998. Rather, TIDA has otherwise exercised its authority under its Bylaws and the Community Redevelopment Law to enter into agreements with the City and the Redevelopment Agency for the provision of necessary staff services.

TIDA currently contracts with the Redevelopment Agency for staff to carry out its on-island operational activities under an "Agency Agreement". While the number of budgeted staff positions has ranged as high as 12 during the term of the Agreement, only

development agreements are completed, some of the interim facilities maintenance and operations of the island will likely become the responsibility of the developer pending full build-out. For example, interim leasing will likely be reduced dramatically, if not cease altogether at that time. In addition, by definition, the negotiations with the Navy for the conveyance of the base and the preparation of the requisite development agreements and redevelopment planning documents will be complete by that time.

Rather, at that stage of the project, TIDA's role will shift. As both the administrator of the tidelands trust and as a redevelopment agency, TIDA will continue to (i) have the responsibility to oversee the redevelopment of the Base in accordance with the redevelopment plan, related agreements, and the Community Redevelopment Law, and (ii) be responsible for administering the Tidelands Trust, including ensuring that funds generated by the tidelands trust are used for appropriate purposes and properly accounted for. As a result, the bulk of its activities will shift to focusing on ensuring a smooth transition for existing residents during construction, to making sure the developer complies with the terms of the redevelopment plan and development agreements, to implementing community benefits programs such as the construction of the open space and the affordable housing and jobs elements of the development plan and to overseeing the design approval process for specific vertical development projects.

IV. Recommended Staffing.

The Controller's Report provided a number of recommendations as to how to meet TIDA's operational needs more efficiently. Based on the Controller's Report and on our further analysis, the Committee recommends the staffing structure set forth below for the period from the present until development agreements and redevelopment plans are approved – estimated to be approximately 2 years. However, prior to approving any final development agreements and redevelopment plans, the Committee recommends that TIDA re-examine its staffing needs for the periods during the build-out phase of the project and beyond.

A. Long-Term Redevelopment Functions.

Because of the highly specialized and constantly evolving nature of the tasks necessary to serve TIDA with regard to the long-term redevelopment of the base, TIDA is best served by continuing to receive these services from appropriate City departments and agencies via work order or agency agreement. Thus, for example, TIDA would continue to receive services as follows:

- Infrastructure and Utility Planning and Design – PUC
- Affordable Housing – Mayor's Office of Housing
- Urban Design, Planning, General Plan consistency and environmental review under CEQA – Planning Department.

- Facilities Manager – Oversees maintenance, operation and repair of existing facilities and infrastructure, including, (i) manages and acts as primary point of contact for SFPD, PUC, SFFD, DPW, OES and MTA on matters related to the provision of services to Treasure Island, (ii) plans, organizes and directs routine, preventive and emergency maintenance and repair activities, (iii) negotiates and manages maintenance service contracts, (iv) oversees facilities and infrastructure issues with the United States Navy, including implementation of the Cooperative Agreement with the Navy, (v) assists with monitoring of the Navy's environmental remediation program, (vi) assists with negotiations related to the transfer of existing utilities from the Navy, (vii) oversees management of the marina and other maritime related issues.
- Leasing Manager – Manages all interim leasing activity on the base, including (i) develops and oversees interim leasing policies and procedures, (ii) markets interim leasing opportunities, (iii) negotiates and prepares lease documents, (iii) oversees compliance with lease terms, including payment of rent, utilities and CAM charges, reporting requirements, insurance, etc. (iv) responds to tenant issues, (v) coordinates master leases with the Navy and (vi) prepares and presents staff summaries and resolutions to the TIDA board regarding such matters.
- Special Events Coordinator – Manages all activities related to short-term special events on the island, including (i) markets special events opportunities on Treasure Island, including creating and issuing event information materials and making event information available on the TI website, (ii) schedules events and processes applications and use permits for special events, (iii) coordinates inspection, maintenance and repair of special event venues, (iv) oversees compliance with use permit terms, including managing check-out process after special events are completed.
- Project Coordinator/Community Liaison – Works with the Mayor's Office of Neighborhood Services and the Director of Island Operations on Treasure Island community issues with island residents, businesses and organizations like the Life Learning Academy and TIHDI, provides support to the Facilities and Leasing Managers on special projects, and works with City Administrator's staff on purchasing, accounting and HR issues.
- Commission and CAB Secretary – Primary staff support for the TIDA Board and the CAB, including (i) prepare meeting agendas, minutes and board packets for all TIDA Board and CAB meetings in compliance with applicable laws, (ii) secure and prepare sites for all TIDA Board and CAB meetings, (iii) maintain all TIDA records and official policies and procedures, (iv) prepare reports by TIDA as required by local, state and federal laws, including reporting required of trustees of Tidelands Trust property, California redevelopment agencies and as directed by the TIDA Board and the Board of Supervisors
- Receptionist and Administrative Support - General clerical and administrative support for on-island staff, including data entry and word processing; acts as receptionist handling and directing all correspondence, telephone calls and visitors; maintain TIDA's web site.

project office within the Office of the City Administrator. TIDA should also forward the resumes of the SFRA LTA employees currently performing these duties to the Department of Human Resources in the hope of locating vacant positions within the City for which they are qualified, including as appropriate within the new TIDA project office.

TREASURE ISLAND DEVELOPMENT AUTHORITY
PROJECT ACHIEVEMENTS AND GOALS
PROJECT: TREASURE ISLAND REDEVELOPMENT PROJECT
July 1, 2006 - June 30, 2007

FISCAL YEAR 2005-2006 ACHIEVEMENTS*

1. The following draft Development Plan elements were presented to the Treasure Island/Yerba Buena Island Citizen's Advisory Board and the Treasure Island Development Authority Board:
 - a. Revised Land Use and Open Space Plan and Urban Design Concepts
 - b. Draft Concepts for Art, Performance and Landscape Design Programming as Part of Open Space Program
 - c. Draft Jobs, Equal Opportunity Program and Community Support Plan
 - d. Draft Transportation Plan
 - e. Draft Community Facilities Plan
 - f. Revised Draft Phasing Plan
 - g. Draft Fiscal Impacts Analysis
 - h. Revised Draft Housing Plan
 - i. Draft Financing Plan*
2. The Authority endorsed the Development Plan and Land Use Plan for the redevelopment of Treasure Island.*
3. Staff obtained appropriation of approximately \$1.6 million in Federal Transit Administration grant funds for temporary and permanent ferry terminal planning at Treasure Island.
4. Staff completed a seismic evaluation of mitigation alternatives of the Yerba Buena Island causeway and viaduct structures using federal Economic Development Administration grant funds appropriated in 2001.
5. The Authority approved a Cooperative Utility Agreement with Caltrans and MOU with the Navy that enables construction of an upgraded submarine electrical cable serving Treasure Island with sufficient capacity to support the future redevelopment project.*
6. Community outreach efforts continued including staffing the TI/YBI CAB and participating with the Treasure Island Restoration Advisory Board (facilitated by the Navy with a specific interest in the cleanup efforts), and holding public workshops and making presentations to the Board of Supervisors Land Use Committee.*
7. Representatives from the Mayor's Office of Economic and Workforce Development, Treasure Island Project Office, and the Office of the City Attorney continued the important independent monitoring of the Navy's environmental remediation efforts.*

* Items identified by an asterisk are underway and are expected to be completed by the end of fiscal year 2005/06.

8. Property management of island facilities and oversight of municipal services. To offset the costs associated with property management and public service responsibilities, revenues are generated from interim leasing of existing facilities and special events.

FISCAL YEAR 2006-2007 GOALS

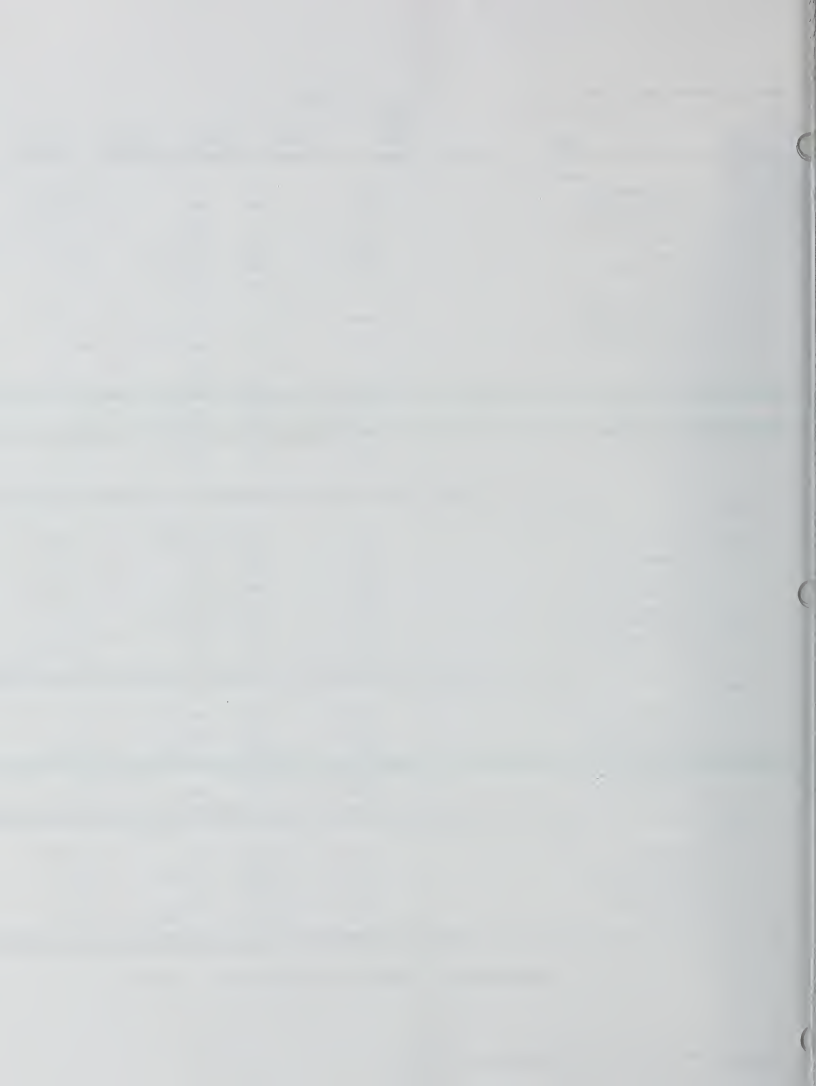
1. Obtain endorsement of a Development Plan for the redevelopment of Treasure Island from the Board of Supervisors.
2. Initiate the process of creating a Redevelopment Plan.
3. Initiate project specific environmental review per CEQA guidelines.
4. Initiate process of amending the San Francisco General Plan, Planning Code and Zoning Map consistent with redevelopment project.
5. Continue to develop the redevelopment plans for Treasure Island in furtherance of a final Disposition and Development Agreement, through the extensive public planning process.
6. Negotiate term sheet agreement with US Navy for conveyance of former Naval Station Treasure Island to the Authority.
7. Complete Project Study Report and obtain legislation authorizing transferring ownership to Caltrans of ramps connecting Yerba Buena Island to the new eastern span of the San Francisco-Oakland Bay Bridge.
8. Work with the San Francisco Public Utilities Commission to evaluate the feasibility of public power operation at Treasure Island.
9. Provide property management of island facilities.
10. Ensure delivery of municipal services to island community.
11. Generate revenues to cover costs associated with property management and municipal services.



TENANT LEDGER REPORT SUMMARY - MONTHLY

Updated: 1/4/2007

Jan-07		DUE BY 11TH OF THE MONTH		FINAL															
wk1	DATE	TENANT	Monthly	Monthly	Lease	Insurance	Additional	LAST	LAST	(October 06)	(Jan 06)	TOTAL	DELINQUENT	DELINQUENT					
REC'D	REC'D	NAME	Rent Due	CAM due	Term, (period ending)	Compliance (Y/N)	Insured (Y/N)	DATE REC'D	PYMT RECEIVED	CURRENT RENTS REC'D	CURRENT RENTS REC'D	AMT DELINQUENT	AMT PAID	CARRYFORWARD BAL	DELINQUENT PERIOD/REMARKS				
705038		COMMERCIAL																	
		Beyond Productions (now tenant)	\$3,523.00	\$0.00	15-Jun-07	Y	Y	12/15/2006	\$1,878.93 (Dec 06)										
		California Logistics (now tenant)	\$4,759.20	\$0.00	30-Nov-07	Y	Y	12/15/2006	\$4,759.2 (Dec 06)										
		Delancey Street Café/Life Learning Academy	N/A	N/A	31-Dec-06	Incomplete	N	N/A	N/A										
		Department of Aging (termination review)	\$500.00	\$0.00	TERMINATED	Self	Self	11/30/2006	\$23,500.00	\$0.00					(10/3-12/06) PAID in Full				
		Glide Foundation	\$2,000.00	\$0.00	30-Nov-07	Y	Y	12/8/2006	\$1,500.00	\$2,000.00									
		Goodwill	\$2,266.00	\$0.00	30-Sep-07	Y	Y	12/28/2006	\$2,266.00	\$2,266.00	\$2,266.00								
		Island Creative Mgmt	\$20,963.83	\$0.00	30-Nov-07	N	N	1/3/2007	\$20,964.17	\$19,058.34	\$20,964.17				Provided Proof of Payment (8/04)				
		Kidango	\$0.00	\$630.00	30-Nov-06	Y	Y	12/8/2006	\$630.00	\$630.00									
		SF Fire Department - Bldg 180	N/A	N/A	REVIEW	Self	Self	N/A	N/A										
		SF Fire Department Training	N/A	N/A	REVIEW	Self	Self	N/A	N/A										
		SF GG Youth Rugby (Bldg. 34)	\$1,030.00		4-31-07	under risk mgmt review	Y	12/18/2006	\$1,030.00	\$1,030.00	\$1,030.00	\$17,120.00		\$17,120.00	Under Review - Bal owed 6/05 (\$970.00) + 7/05-10/06				
		SF GG Youth Rugby (Field)	N/A	N/A	4-31-07	under risk mgmt review	Y	N/A	N/A	\$1,030.00									
		SF Kanko Photo Booth	\$515.00		31-Dec-06	under risk mgmt review	Y	1/3/2007	\$515.00	\$500.00	\$515.00								
		SF Little League	N/A	N/A	31-Dec-06	Incomplete	Y	N/A	N/A										
		SF Museum	N/A	N/A	21-Aug-07	Incomplete	Y	N/A	N/A	N/A									
		SF Vending	\$250.00	\$0.00	1-Mar-06	N	N	1/3/2007	\$250.00	\$0.00	\$250.00	\$1,750.00		\$1,750.00	Bal owed 5/06 thru 10/06 12/2006, 1/2007				
		TIHDI - Building One	\$0.00	\$800.00	REVIEW	Incomplete	Y	1/3/2006	\$800.00			\$2,400.00	\$800.00	\$2,400.00	Bal owed (11/2006 & 12/2006, 1/2007)				
		TIHDI - Service Space	\$0.00	\$105.00	31-Mar-06	Incomplete	Y	12/4/2006	\$105.00	\$105.00		\$119.94		\$119.94	Bal Owed (8/04) for late fees				
		TIHDI - Ship Shape	\$0.00	\$144.00	31-Dec-04	N	N	12/4/2006	\$144.00	\$144.00		\$143.98		\$143.98	Bal Owed (5/04) for late fees				
		Vinka Azich & Associates	\$275.00		1-Apr-06	N	N	12/29/2006	\$825.00		\$275.00	\$1,039.50	\$1,039.50		(10/2006 thru 12/2006, 1/2007) PAID in Full				
		Voice of the Pentecost (eviction review)	\$17,500.00	\$0.00	PENDING	N	N	12/8/2005	\$17,500.00	\$0.00		\$227,500.00		\$227,500.00	Under Review - Bal owed 1/06-12/06, 1/2007				
		Walter Wong Construction	\$2,060.00	\$0.00	30-Nov-07	Incomplete	Y	12/5/2006	\$2,000.00	\$2,000.00					Provided Proof of Payment (8/04)				
		YMCA	N/A	N/A	31-Aug-06	Y	Y	N/A	N/A	N/A									
Total			\$55,642.03	\$1,679.00						\$28,763.34	\$25,300.17	\$250,073.42	\$1,839.50	\$249,033.92					
705045		YBI PERMITS/CELLSITES																	
Banners		BART (pymt due upon use)	\$7,500.00	\$0.00	Aug, Sep, Dec 2007	Upon Use	Upon Use	12/1/2006	\$5,000 (Dec 06)	\$5,000.00	See Schedule								
		DPW - Ops (pymt due upon use)	\$7,500.00	\$0.00	May (partial), Jun-Jul 2007	Upon Use	Upon Use	N/A	N/A										
		O'Rourke, Inc. (pymt due upon use)	\$7,500.00	\$0.00	1-Jan-07	Incomplete	Y	12/12/2006	\$7,500 (Jan07)		\$7,500.00				Applied to Banner Fee 1/2007				
		Stopwaste.org (pymt due upon use)	\$7,500.00	\$0.00	1-Mar-07	Upon Use	Upon Use												
		Swift Advertising (pymt due upon use)	\$7,500.00	\$0.00	Apr-Oct, Nov 2007	Upon Use	Upon Use	12/18/2006	\$4,193.55 (Nov 06)		See Schedule				Applied to Banner Partial Fee 11/2006- Bal \$806.45 donated to US Coast Guard 5/2008				
		US Coast Guard (pymt due upon use)	\$7,500.00	\$0.00	May 2007 - Partial	Upon Use	Upon Use												
		The Villages (JSCo.) - (pymt due upon use)	\$7,500.00	\$0.00	1-Feb-07	Upon Use	Upon Use	11/20/2006	\$2,500 (Feb 06)		See Schedule				(12/2006) PAID in Full				
Cellsites		Cingular Wireless (pymt due monthly)	\$1,065.00	\$0.00	30-Jun-06	Y	Y	12/27/2006	\$1,065.00	\$1,065.00	\$1,065.00								
		Comcast (1st 3 mos - pymt due quarterly)	\$1,500.00	\$0.00	31-Dec-04	Incomplete	N	10/30/2006	\$4,591.07 (3rd Qtr)			\$4,500.00		\$4,500.00	Bal owed \$4,500 (fee approx) - 4th Qtr (Dec06)				
		*XO Communications (pymt due annually)	\$5,000.00	\$0.00	24-Sep-02	N	Y	12/4/2006	\$10,000 (Dec05/Dec06)						Annual Fees PAID (12/2005 & 12/2006)				
Total			\$60,065.00	\$0.00						\$6,065.00	\$8,565.00	\$4,500.00	\$0.00	\$4,500.00					
705046		MARINA																	
		Laura Bertone (boat docking)	\$1,060.90	\$0.00	31-May-07	Incomplete	N	12/27/2006	\$1,030.00	\$1,030.00	\$1,030.00	\$1,030.90		\$1,030.90	Bal owed back rent \$1,000 (10/04) + rent bal \$30.90 (1/2007)				
		Historic Tugboat (boat docking)	\$687.00	\$0.00	31-Dec-06	N	N	12/12/2006	\$687.00	\$687.00					Under Review - Bal owed 10/06, 11/06, 12/06, 1/2007				
		Salt River Construction (largest)	\$5,000.00	\$0.00	31-Oct-06	N	N	9/8/2006	\$5,000.00			\$20,000.00		\$20,000.00					
		TI Marina - Almar Mgmt. (marina)	\$7,500.00	\$275.00		Incomplete	Y	12/27/2006	\$7,775.00	\$7,775.00	\$7,775.00				PAID (5/04-12/06)				
		TI Sailing Center (land & bldg)	\$0.00	\$100.00	31-Dec-06	N	N	1/3/2007	\$200.00		\$100.00	\$3,200.00	\$3,200.00		Owed 8/06				
		TI Yacht Club (land & bldg)	\$683.75	\$33.75		Incomplete	Y	12/27/2006	\$650.00		\$650.00	\$383.75		\$383.75	Under Review - Bal owed \$2,147 (7/04) + \$17,510 (Jun 06 thru Jan 07)				
		Westar Marine Services (barges)	\$2,188.75	\$0.00	31-May-07	N	N	5/5/2006	\$8,755.00			\$25,657.00		\$25,657.00					
Total			\$17,120.40	\$408.75						\$9,492.00	\$9,555.00	\$50,271.65	\$3,200.00	\$47,071.65					
705047		HOUSING																	
		Catholic Charities	\$0.00	\$2,876.61	1-Sep-14	Incomplete	Y	12/1/2006	\$2,876.61 (Nov 06)			\$5,753.22		\$5,753.22	Bal owed (12/2006, 1/2007) - 30-day pymt lag				
		CHP (Island Bay Homes)	\$0.00	\$1,094.56	1-Sep-14	Incomplete	Y	12/8/2006	\$1,094.56	\$1,094.56		\$1,927.62		\$1,927.62	Bal owed (3/05) + late fees				
		Haight Ashbury Free Clinics	\$0.00	\$823.50	1-Sep-14	N	N	12/27/2006	\$823.50	\$823.50	\$823.50								
		Rubicon Programs	\$0.00	\$2,055.00	31-Aug-14	Incomplete	N	12/11/2006	\$8,220.00			\$8,220.00	\$6,165.00	\$2,055.00	Bal Owed 8/04, 10/06-12/06 PAID				
		Swords to Plowshares	\$0.00	\$1,146.71	1-Sep-14	Incomplete	Y	11/30/2006	\$1,146.71	\$1,146.71									
		Walden House	\$0.00	\$950.15	1-Sep-14	Incomplete	Y	12/4/2006	\$950.15	\$950.15									
Total			\$0.00	\$8,946.53						\$4,014.92	\$823.50	\$15,900.84	\$6,165.00	\$9,735.84					
Grand Monthly Total			\$132,827.43	\$11,034.28						\$48,335.26	\$44,243.67	\$320,745.91	\$11,204.50	\$310,341.41					





RECYCLED PAPER MADE FROM 100% RECYCLED MATERIALS



TREASURE ISLAND DEVELOPMENT AUTHORITY - FIELD INSPECTION REPORT

Date: _____

Building No. _____

Address: _____

Last Survey _____

Follow Up Date _____

- ☐ Facility Survey
☐ Tenant Premises Survey
☐ Residential Survey

- ☐ Pre-Lease Survey
☐ Termination Survey
☐ Other

Condition	G (Good)	F (Fair)	P (Poor)		
Responsibility	A (Authority)	T (Tenant)	AP (Shared)	O (Other)	

ITEM	CONDITION	RESPONSIBILITY	REMARKS
EXTERIOR			
Paint			
Glazing			
Fencing & Gates			
Siding			
Signage			
Curbs/Walkways			
Landscape			
Parking Area			
Man Doors			
Roll-Up Doors			
Other			
ROOF			
Leaking or Water Tight			
INTERIOR			
Common Areas			
Ceilings			
Walls			
Stair			
Floors			
Lighting			
Restrooms			
Cleanliness			
Plumbing			
Other			
Other			
Other			
Other			
FIRE/LIFE SAFETY			
Sprinklers			
Yes or No (Circle One)			
Sprinklers (Other)			
Access			
Fire Extinguishers			
Other			
HAZARD MATERIALS			
HAZMATs			
Yes or No (Circle One)			
Other Environmental Issues			

Survey Completed By: _____

Date: _____



TREASURE ISLAND VACANCIES
1/4/2007

LOCATION	SIZE	VACANT	Rate/Mo	Rent/Mo	Ann Rate	Ann Rent	Est. Cost to Improve	COMMENTS
Bldg 1 1st Floor	149,799 468	3/1/2007	\$ 2.50	\$ 1,170.00	\$ 30.00	\$ 14,040.00	\$5 to \$7 psf for carpets, paint, window coverings, minor repairs	Office
Lobby	12,250	1/1/2006	\$ 2.25	\$ 12,695.56	\$ 27.00	\$ 152,346.69	\$5 to \$7 psf for carpets, paint, window coverings, minor repairs	Excludes Elevator Corridor. Rent is full service.
Bldg 1 - 2nd Floor	5,642	1/1/2006	Events & Meetings					Event Usage
2ND Flr Conference Room	606	1/1/2006	Events & Meetings					
Bldg 1 - 3rd Floor - South	5,642	1/1/2006	\$ 1.50	\$ 267.00	\$ 18.00	\$ 3,204.00	\$5 to \$7 psf for carpets, paint, window coverings, minor repairs	
Room 301	178	1/1/2006	\$ 1.50	\$ 267.00	\$ 18.00	\$ 3,204.00	\$5 to \$7 psf for carpets, paint, window coverings, minor repairs	
Room 302	178	1/1/2006	\$ 1.50	\$ 267.00	\$ 18.00	\$ 3,204.00	\$5 to \$7 psf for carpets, paint, window coverings, minor repairs	
Room 303	198	1/1/2006	\$ 1.50	\$ 297.00	\$ 18.00	\$ 3,564.00	\$5 to \$7 psf for carpets, paint, window coverings, minor repairs	
Conference Room	1,354	1/1/2006	Events & Meetings					Event Usage
Bldg 1 - 3rd Floor - Central	1,908	1/1/2006					\$5 to \$7 psf for carpets, paint, window coverings, minor repairs	
Suite 307-309	1,020	1/1/2006						
Bldg 1 - 3rd Floor - North	1,020	1/1/2006	\$ 1.25	\$ 285.00	\$ 15.00	\$ 3,420.00	\$5 to \$7 psf for carpets, paint, window coverings, minor repairs	
Suite 310 - Rm A	228	1/1/2006	\$ 1.25	\$ 247.50	\$ 15.00	\$ 2,970.00	\$5 to \$7 psf for carpets, paint, window coverings, minor repairs	
Suite 310 - Rm B	198	1/1/2006	\$ 1.25	\$ 643.75	\$ 15.00	\$ 7,725.00	\$5 to \$7 psf for carpets, paint, window coverings, minor repairs	
Room 311	515	1/1/2006	\$ 1.25	\$ 643.75	\$ 15.00	\$ 7,725.00	\$5 to \$7 psf for carpets, paint, window coverings, minor repairs	
Bldg 3	144,767	1/1/2007	\$ 0.20	\$ 28,953.40	\$ 2.40	\$ 347,440.80	\$300K - Roof repair required	Hangar - Movie Production/Warehouse
Building 69								Need to get from Navy
Bldg 140 - Nimitz Conference Center	24,169	1/1/2007	\$ 1.00	\$ 24,169.00	\$ 12.00	\$ 290,028.00	\$10 to \$15 psf for carpet replacement, mold abatement, paint, clean	Restaurant/Conference Center (Needs Work)
Building 201 (Navy Exchange)	88,354 42,374	10/15/2006	\$ 0.30	\$ 12,712.20	\$ 3.60	\$ 152,546.40	None	Warehouse - "As is"
Building 216 (Covered Shed)	58,140	1/1/2006	\$ 0.15	\$ 8,721.00	\$ 1.80	\$ 104,652.00	None	Covered Fenced Storage
Building 227 (Fog Watch)	13,200	1/1/2006	\$ 1.00	\$ 13,200.00	\$ 12.00	\$ 158,400.00	\$	Restaurant/Retail (Needs Work)
	13,200	1/1/2006	\$ 1.00	\$ 13,200.00	\$ 12.00	\$ 158,400.00	\$	Training Facility/Office (Needs Work)
Building 34 (Commissary)	19,058 17,000	1/1/2006	\$ 1.00	\$ 17,000.00	\$ 12.00	\$ 204,000.00		Currently occupied Offices
Building 258 - Post Office	50,672	1/1/2005	\$ 0.30	\$ 15,201.60	\$ 3.60	\$ 182,419.20	\$3 to \$5 psf for repairs, window replacement	Light Storage
Building 670 (Brig)	25,110	1/1/2006	\$ 1.00	\$ 25,110.00	\$ 12.00	\$ 301,320.00	\$1 to \$2 psf for repairs (fire alarms)	Temperature controlled, Secure
Building 671 (Brig Carpentry)	1,200	1/1/2006	\$ 5.00	\$ 6,000.00	\$ 60.00	\$ 72,000.00	None	Fully Equipped Carpentry Workshop
Field - F - 9th - 11th - H	87,120.00	3/1/2007	\$ 0.03	\$ 2,613.60	\$ 0.36	\$ 31,363.20	Playing field	2 acres
Field - I - M - 11 - 13th	130,680.00	3/1/2007	\$ 0.03	\$ 3,920.40	\$ 0.36	\$ 47,044.80	Playing field	3 acres
Field - H - I - 11th 13th	87,120.00	3/1/2007	\$ 0.03	\$ 2,613.60	\$ 0.36	\$ 31,363.20	Playing field	2 acres
Field - E - H - 11th - 13th	130,680.00	3/1/2007	\$ 0.03	\$ 3,920.40	\$ 0.36	\$ 47,044.80	Playing field	3 acres
Total Potential	835,067			\$ 193,208.01		\$ 2,318,496.09	Total Cost to improve range from \$450K to \$1.2M	



LEASING PIPELINE
1/4/2007

LOCATION	TENANT	USE	Sq. Ft.	TYPE OF PROP	\$/SQ.FT.	MONTHLY RENT	PROPOSED TERM	COMMENCE DATE	LEASE END DATE	COMMENTS INCLUDING CHANGE OF USE STATUS, IF ANY	THDI COMMENTS
RENEWALS											
Bldgs 183/299	Delancey Street Foundation	School/Café	9,140	School/Café	\$ -	\$ -	0	01/01/07	11/30/07	To Board 1/10/07 Exercised Option to Extend Term 1 Year - In legal review	No Review
Bldg 502	Kidango	Childcare		Childcare	\$ -	\$ -	1 Year			To Board 1/10/07. Offer to pay rent of \$400/mo. in July '07	No Review
Bldg 449	SFMHS							01/10/07	11/30/07	To Board in January - Rental rate under review	No Review
Bldg 112 LL Field One	Sailing Center SF Little League	Baseball Field	30,000 Pavement 1 acre Field		\$ -	\$ -	11 mos 11 mos.	01/01/07 01/01/07	11/30/07 11/30/07	To Board 1/10/07	No Review
POTENTIAL											
Bldg 1	Nimman Ranch Cal Trans Office - PIO	Office	6,500 Office		\$ 2,000	\$ 13,000	1 yr	06/01/07	05/31/08	Follow up in March Toured Bldg with Caltrans	
Bldg 1		Office	336 Office		\$ 2,000	\$ 672	1 yr	07/01/07	06/30/08	1/4/07	
Bldg 3	Kenwood	Video Game Museum	144,000 Entertainment		\$ 0.200	\$ 28,800	1 yr	TBD	TBD	Early thought stage Initial Meeting will be Dec. 11, 2006. Now wants to sublease from Island	
Bldg 3	Gerard Hollander	Movie Production Retail - Office-	144,000 Movie Production		\$ 0.450	\$ 64,800	1 yr	06/01/07	11/30/07	Creative.	
Bldg 34 Bldg 69	Charles Stormowitz Bryan Harrington	Recording Studio Winery	2,000 Office Warehouse				1 yr			Invite for Tour Jan. 07 Secure Lease from Navy Dispute over liability language. On Hold	
Bldg 201 Bldg 201 Sm Whouse	T-Mobile Pro-Transport	Test Cell Site Vehicle Storage	200 Cell Site 7,000 Warehouse		\$ 17,500 \$ 0.300	\$ 3,500 \$ 2,100	6 mos 1 yr	12/01/06 12/01/06	05/31/07 11/30/07	To Board on 1/10/07 Requested Amendment to Navy Lease 12/4/06	
Bldg 216 Bldg 330 (Gas Station)	Tr-California Events Greg Kennedy (Occidental Power) Bruce Topp (DHR @ SFPD One Stop stgov)	Storage Office/Vehicle Testing	2,500 Covered Shed 4,030 Gas Station		\$ 0.200 \$ 0.300	\$ 500 \$ 1,209	1 yr 1 yr	02/01/07 01/01/07	11/30/07 12/31/07	Requested Amendment to Navy Lease 11-27-06 No contact since early November	Reviewed
Bldg			25,110 Classroom/Office		\$ 1,000	\$ 25,110	1 yr	01/01/07	12/31/07	Drop from List	

Fields - Soccer	James A. Reuben	Outdoor Soccer - Turf Fields	43,560	Open Field	\$ 0.030	\$	1,307	1 yr	TBD	TBD
Hangar 3, Bldg 180	James A. Reuben	Tennis Courts	144,000	Fieldhouse	\$ 0.200	\$	28,800	1 yr	TBD	TBD
Open Space	Lawrence Berkeley Labs	Windmill	333	Land	\$ 0.300	\$	100	1 yr	02/01/07	
Pier 1	Hornblower	Vessel Storage/Docking	200	Lineal Feet	\$ 7.070	\$	1,414	1 yr	02/01/07	
Top of Guard House at Gate	Bay Area Air Quality Management District	Air Detection Device	20	Land	\$ 15.000	\$	300	1 yr	02/01/07	
	Daniel Schillberg	Locksmith Office	500	Office-Shop				1 yr		



TREASURE ISLAND DEVELOPEMNT AUTHORITY KEY POLICY

- 1: The key sign-out list will be managed by the Receptionist.**
- 2: Facility keys will be secured in locked keyboxes in the file room.**
- 3: Facility keys will be retrieved by staff from lockboxes only after signing out the key.**
- 4: The key to the lockboxes will be under the control of the Receptionist.**
- 5: Annual due diligence shall be performed by the Facilities Manger to ensure the correct functioning keys are in the key cabinet.**

Key Requested	Date/Time Out	Initial	Date/Time In	Initial

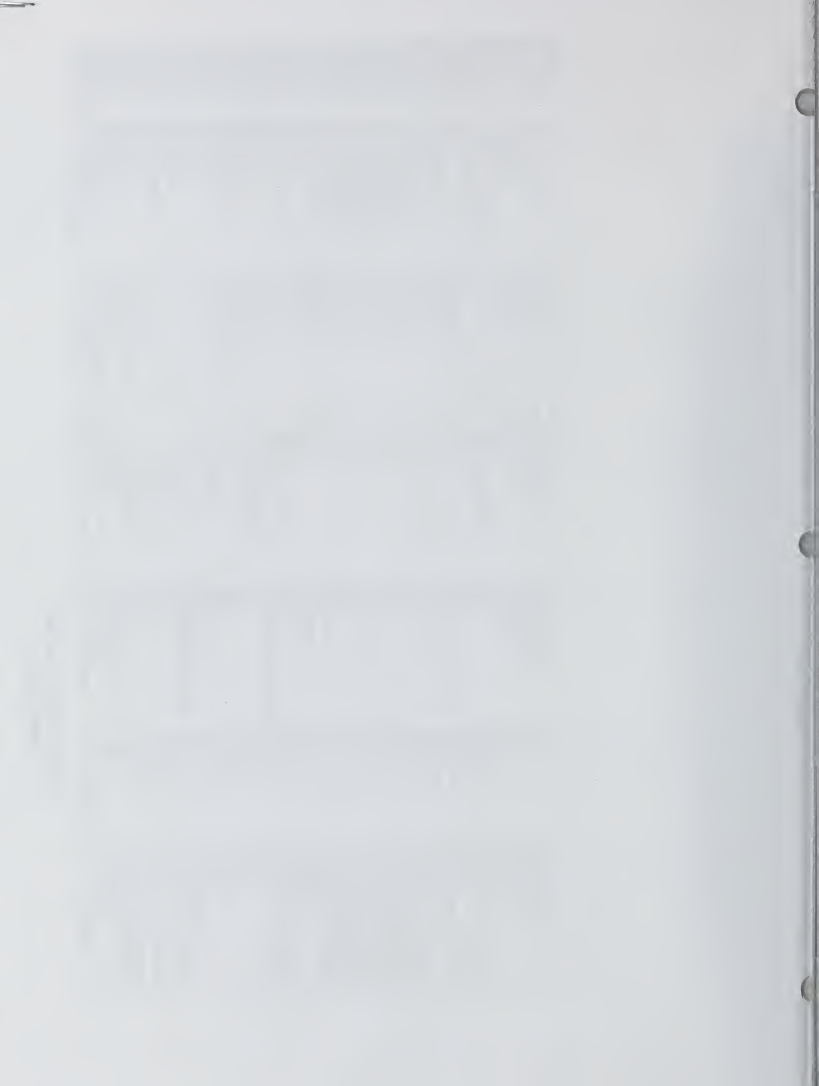
THE UNIVERSITY OF CHICAGO
LIBRARY

1. The University of Chicago Library is a part of the University of Chicago and is a part of the University of Chicago Library.
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UNIVERSITY OF CHICAGO LIBRARY
500 EAST 57TH STREET
CHICAGO, ILL. 60637

Treasure Island Building Conditions Report

Property No.	Property Name	Address	Sq. Feet	Use	Condition	Occupant	Comments
Building 452	Star Barracks	601 Avenue of the Palms	180,185	Barracks	Seismic Hazard	None	Seismic Hazard
Building 453	Star Barracks	401 Avenue of the Palms	180,185	Barracks	Seismic Hazard	None	Seismic Hazard
Building 455	Building 455	400 Avenue H	1,620	Office	Mold Conditions, Vandalism	None	Mold Conditions, Vandalism
Building 463	Building 463	Waste Treatment Plant	531	Waste Treatment	Good	SFPUC	Occupied by City Department
Building 467	Job Corps	1180 Avenue M		Job Corps	Good	Job Corps	Job Corps
Building 469	Standby Generator			Generator Site	Good	SFPUC	Occupied by City Department
Building 478	Job Corps			Job Corps	Good	Job Corps	Job Corps
Building 481	Building 481		351	Auditorium	Mold Conditions, Vandalism	None	Mold Conditions, Vandalism
Building 482	Building 482				Remediation Site	None	Remediation Site
Building 488	Job Corps	325-4th St	10,494	Job Corps	Good	Job Corps	Job Corps
Building 489	Job Corps	351 - 4th St	24,851	Job Corps	Good	Job Corps	Job Corps
Building 496	Harbor Master's Office	1 Clipper Cove Way			Good	Almar	Leased
Building 497	Ship Shape	850 Avenue I	5,760	Meeting Room	Good	THDI	Leased
Building 502	Childcare Center	850 Avenue D	10,123	Childcare Center	Good	Kidango	Leased
Building 530	Building 530	Steam House	5,280	Storage	Abandoned Heavy Equipment	None	Abandoned Heavy Equipment
Building 550	Waste Treatment Plant		900	Waste Treatment	Good	SFPUC	Occupied by City Department
Building 570	Building 570	Demolished	3,984		Demolished	None	Demolished
Building 572	Building 572	Demolished	2,002		Demolished	None	Demolished
Building 600	Fire Training Academy	750 Avenue M	17,030		Good	SFFD	Occupied by City Department
Building 605	Fire Training Academy	750 Avenue M	6,300		Good	SFFD	Occupied by City Department
Building 606	Fire Training Academy	750 Avenue M	6,000		Good	SFFD	Occupied by City Department
Building 608	Fire Training Academy	750 Avenue M	6,000		Good	SFFD	Occupied by City Department
Building 609	Fire Training Academy	750 Avenue M	6,000		Good	SFFD	Occupied by City Department
Building 612	Fire Training Academy	750 Avenue M	14,784		Good	SFFD	Occupied by City Department
Building 613	Fire Training Academy	750 Avenue M	6,000		Good	SFFD	Occupied by City Department
Building 614	Fire Training Academy	750 Avenue M	6,000		Good	SFFD	Occupied by City Department
Building 615	Fire Training Academy	750 Avenue M	1,548		Good	SFFD	Occupied by City Department
Building 62	Building 82	849 - 13th St	35,611	Warehouse/Storage	Hazard	Walter Wong	Available
Building 64	Fueler Shack	898 - 12 St	620		Mold Conditions, Vandalism	None	Mold Conditions, Vandalism
Building 670	Bng	1080 Avenue M	25,110		Good	None	Available
Building 671	Brig Carpenterly Shop		1,200		Good	Available	Available
Building 681	Waste Treatment Plant		1,350	Waste Treatment	Good	SFPUC	Occupied by City Department
Building 69	Shed	850-8th St	2,458		Good	None	Available
Building 7	Administration	850 - 4th St	68,304		Demolished	None	Demolished
Building 92	Classrooms	725 - 4th St	13,656	Office	Remediation Site	None	Remediation Site
Building 96	Building 96	750 - 6th St	26,083	Warehouse	Remediation Site	Navy	Remediation Site
Building 99	Gov't Printing Office	470 Avenue H	42,778	Warehouse	Remediation Site	Navy	Remediation Site
Total Sq Ft			2,340,410				





TAG1

WORK ORDER TRACKING SYSTEM
UPDATE TAG FILE

12/15/2006 07:23:56

40566 TAG STATUS F (A-Active, F-Finished) TAG LOCATION 421
 ACTIVITY BRS DATE STARTED DATE DUE EVENT
 TREET TREASURE ISLAND STREET ADDRESS DISTRICT
 SHOP P PAINT SHOP SUPERVISOR EMPL#
 CRAFT P PAINTER RATE 77.04
 7108R TITLE TREASURE ISLAND M&R BALANCE 61,208.08
 CLIENT PUBLIC FINANCE AND BUSINESS AFFAIRS

	ALLOWED	SPENT	BALANCE
LABOR HOURS	370.00	334.00	36.00
LABOR COST	28,504.80	27,999.88	504.92
NON LABOR COST	500.00	491.02	8.98
TOTAL	29,004.80	28,490.90	513.90

DESCRIPTION PAINT AND PRIME GUTTERS AT YETI QUARTERS 1 THRU 6 7/31/06 AS
 PAINT GYM DOORS AND WALLS IN LOCKER ROOMS, REPAIR AND PAINT
 AS ENTRY OUTSIDE, PAINT VACANT HOUSING UNITS PER M MCDONALD

Print? - (Y/N)

Next Selection F3=Cancel F5=Change F10=Comments

40062 TAG STATUS A (A=Active, F=Finished) TAG LOCATION 421
ACTIVITY BRS DATE STARTED DATE DUE EVENT
STREET TREASURE ISLAND STREET ADDRESS DISTRICT
SHOP C CEMENT-SHOP..... SUPERVISOR EMPL#
CRAFT CL GENERAL-LABORER..... RATE ..61.83

7108R TITLE TREASURE-ISLAND-M&R BALANCE ...61,208.08
CLIENT PUBLIC-FINANCE-AND-BUSINESS-AFFAIRS.....

	ALLOWED	SPENT	BALANCE
LABOR HOURS	2,080.00	.....843.00	...1,237.00
LABOR COST	..128,606.40	...55,424.65	..73,181.75
NON LABOR COST	.00	.....00	.....00
TOTAL	..128,606.40	...55,424.65	...73,181.75

DESCRIPTION LABOR FOR GENERAL LABORER 7/3/06 AS
FISCAL YR 06/07

Print? _ (Y/N)

Next-Selection F3=Cancel F5=Change F10=Comments

STAG1.

WORK-ORDER-TRACKING-SYSTEM
UPDATE-TAG-FILE

12/13/2006 09:21:27

40610 TAG STATUS F (A=Active, F=Finished) TAG LOCATION 421
 ACTIVITY BRS DATE STARTED DATE DUE EVENT
 STREET TREASURE ISLAND STREET ADDRESS DISTRICT
 SHOP L LOCK-SHOP SUPERVISOR
 CRAFT L LOCKSMITH RATE ..84.93 EMPL#

7106R TITLE TREASURE ISLAND M&R BALANCE ...61,208.08
 CLIENT PUBLIC FINANCE AND BUSINESS AFFAIRS

	ALLOWED	SPENT	BALANCE
LABOR HOURS	18.00	.....16.00	.....2.00
LABOR COST	....1,528.74	....1,437.88	.....90.86
NON LABOR COST	500.00	....315.95	.....184.05
TOTAL	....2,028.74	....1,753.83	.....274.91

DESCRIPTION LOCKSMITH WORK AS NEEDED FOR AUGUST 06 8/3/06 AS

Print? _ (Y/N)

Next-Selection F3=Cancel F5=Change F10=Comments

SSTAG1

WORK ORDER TRACKING SYSTEM
UPDATE TAG FILE

12/35/2006 09:23:13

40605 TAG STATUS A (A=Active, F=Finished) TAG LOCATION 421
ACTIVITY BRS DATE STARTED DATE DUE EVENT
STREET TREASURE ISLAND STREET ADDRESS DISTRICT
SHOP E ELECTRIC SHOP SUPERVISOR EMPL#
CRAFT LF LIGHT FIXTURE WORKER RATE \$1.69

7106R TITLE TREASURE ISLAND M&R BALANCE ...61,208.08
CLIENT PUBLIC FINANCE AND BUSINESS AFFAIRS

	ALLOWED	SPENT	BALANCE
LABOR HOURS	120.00	.....72.00	.....48.00
LABOR COST	....6,202.80	....4,003.56	....2,199.24
NON LABOR COST	2,000.00	.....961.37	....1,038.63
TOTAL	....8,202.80	....4,964.93	....3,237.87

DESCRIPTION FIXTURE MAINTENACE FOR TREASURE ISLAND 8/2/06
BIWEEKLY ONLY

Print? - (Y/N)

Next Selection F3=Cancel F5=Change F10=Comments

Handwritten: 12/35/2006

09/18/06 TAG STATUS F A=Active F=Filtered TAG LOCATION 400
 0 ACTIVITY BRS DATE STARTED 09/18/2006 DATE DUE
 STREET TREASUR ISLAND STREET ADDRESS
 SHOP A CARPENTRY SHOP SUPERVISOR
 CRAFT A1 CARPENTER-SUPV.1 RATE 104.70 EMPL#

0106R TITLE TREASUR ISLAND MGR BALANCE 0.00
 CLIENT PUBLIC FINANCE AND BUSINESS AFFAIRS

	ALLOWED	SENT	BALANCE
LABOR HOURS	8.00	8.00	200.00
LABOR COST	837.60	663.75	173.85
NON LABOR COST	.00	.00	.00
TOTAL	837.60	663.75	173.85

DESCRIPTION TO EMERG OT 24-CLEAN TO=61799 VANDALISM BOARD UP BLVD LOT
 180. OT WORKED SAT 9 9 06 *TFS 12 12

PRINT? _ Y/N

*Next Selection F1=Cancel F2=Change F10=Comments

STAG1

WORK ORDER TRACKING SYSTEM
UPDATE TAG FILE

07/15/2006 07:22:16

40136 TAG STATUS F (A=Active, F=Finished) TAG LOCATION 421
 ACTIVITY BRS DATE STARTED DATE DUE EVENT
 STREET TREASURE ISLAND STREET ADDRESS DISTRICT
 SHOP T SHEETMETAL SHOP SUPERVISOR EMPL#
 CRAFT T SHEET METAL WORKER RATE .99.24
 7108R TITLE TREASURE ISLAND MGR BALANCE 61,208.08
 CLIENT PUBLIC FINANCE AND BUSINESS AFFAIRS

	ALLOWED	SPENT	BALANCE
LABOR HOURS	80.00	68.00	12.00
LABOR COST	7,939.20	7,169.70	769.50
NON LABOR COST	1,250.00	1,047.37	202.63
TOTAL	9,189.20	8,217.07	972.13

DESCRIPTION MISC. SHEETMETAL WORK 7/5/06 AS

Print? _ (Y/N)

Next Selection F3=Cancel F5=Change F10=Comments

TREASURE ISLAND DEVELOPMENT AUTHORITY REVENUE RECEIPTS PROCESSING PROCEDURES

These procedures provide instructions on handling receipts. **Staff are reminded that these procedures are required steps in the audit path** that assures TI complies with City, State, and Federal accounting requirements and promotes appropriate transparency and accountability of government activities. Please understand that an adequate, documented audit path for each receivable protects you and other staff who handle receipts from appearance of any improprieties.

FRONT DESK PROCEDURES FOR LOGGING OF RECEIPTS

- 1) The Treasure Island Development Authority **DOES NOT** accept any cash payments.
- 2) **Checks, Money Orders, Cashiers Checks and Travelers Checks:**
 - a) The word "check" is used to address processing of all negotiable paper instruments.
 - b) Endorse check (on back) using deposit stamp.
 - c) Stamp date of receipt on the face of the check.
 - d) Record receipt of check in appropriate Daily Document Log which identifies sender, check number, amount, and TIDA staff recipient).
 - e) Make three photocopies of the check and all other documentation that accompanies the payment.
 - f) File one set of photocopies in Monthly Chronological File.
 - g) Distribute originals & two sets of photocopies to the appropriate staff.

OPERATING DEPARTMENTS

1) Receipts forwarded by the Front Desk

Checks: Leasing Department, Special Events and Administration will receive the originals and two sets of photocopies (one set is for your own files).

- a) Prepare written advice to Project Administrator regarding purpose of the payment. Example: Building 3 rent January 2007, Security Deposit \$XX and \$XX 1st month's rent for Building 3 or \$XX Building 3 rent January 2007 and \$XX late fees).
- b) Attach the Special Events Form, Leasing Billing Instruction Form (enclosed) to the originals with one set of photocopies.
- c) Provide the copies to the Project Administrator within three days of receipt to ensure that the checks are deposited within the one week requirement of the Controller's Office.

2) Receipts Submitted Directly to Treasure Island Operating Departments

- a) Submit to Front Desk immediately to initiate processing.

PROJECT ADMINISTRATOR

Do not process any receipt that has not been processed by Reception.

1) Prepare at least one deposit ledger on bi-weekly basis.

- a) Organize receipts alphabetically within each index code. Record each receipt in the appropriate month's folder in the Revenue Detail Workbook with subtotals for each index code. Record funds appropriately in the deposit ledgers by allocating receipts in the proper classifications such as revenue, advance revenue, CAM (Common Area Maintenance charges) refundable security deposits, insurance payments or TIHDI's (Treasure Island Homeless Development Initiative) Sharing Agreement. Under Notes/Event Description column, identify each receipt (e.g., Casa deposit for 1-10-07, Casa fee for 1-10-07, Casa insurance payment for 1-10-07, Bldg 1 rent for March 07, etc.)
- b) Record deposit details in the Revenue Receipt Processing Workbook. Deposit details include deposit number, date of deposit, total amount of deposit, and subtotal for each index code.
- c) Print out two copies of Revenue Receipt Processing Workbook for each deposit.
- d) Prepare bank deposit slip.
- e) Post all payments (except special events and film permits) to appropriate ledger. (Special Events maintains its own detailed records)
- f) Attach one copy of the Revenue Detail Workbook to the supporting documents, date the ledger, and file in the TIDA deposit file cabinet.
- g) Deposit checks at any San Francisco Bank of America branch and secure original bank receipt.

DIRECTOR OF ISLAND OPERATIONS APPROVAL

- 1) Project Administrator provides the Director of the Island Operations with the Revenue Receipts Processing Workbook and Revenue Detail Workbook, along with the supporting documents such as copies of the checks and operating departments written instructions and original bank receipts for his/her approval and signature.
- 2) A set of copies of the deposit ledgers along with the supporting document is provided to the Director of the Island Operations by the Project Administrator.

PROJECT ADMINISTRATOR

- 1) Deliver approved Revenue Receipts Processing Workbook and Revenue Detail Workbook to Administrative for FAMIS posting.
- 2) Due diligence and monitoring of TIDA accounts receivables provided by the accounting staff at the Office of City Administrator as stated in the MOU Agreement between the two agencies.



1 [Purchase and Sale of Leased TIDA Fleet Vehicle]

2 **Authorization to Purchase and Sell the 2004 Lincoln Aviator TIDA Fleet Vehicle.**

3
4 WHEREAS, In December 2004, the Executive Director of the Authority, acting under
5 the provisions of the Treasure Island Development Authority Purchasing Policies and
6 Procedures, entered into a three year vehicle lease agreement with Ford Motor Credit for the
7 use of a 2004 Lincoln Aviator Sport Utility Vehicle as an Authority fleet vehicle; and

8 WHEREAS, Staff has determined that the vehicle is no longer necessary for efficient
9 day to day Authority operations; and

10 WHEREAS, In order to properly dispose of the vehicle TIDA must first fulfill all
11 contractual obligations present in the vehicle lease agreement with Ford Motor Credit; and

12 WHEREAS, Staff has determined that fulfillment of the contractual obligations of the
13 lease agreement between the Authority and Ford Motor Credit as part of early termination of
14 the vehicle lease agreement would necessitate immediate purchase of the vehicle by the
15 Authority for an amount of approximately \$31,000; and

16 WHEREAS, Following purchase by the Authority, the terms of the lease agreement will
17 be considered fulfilled and the vehicle would be considered Authority property for disposition
18 in accordance with applicable Authority policies; and

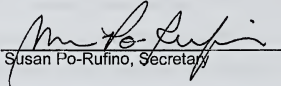
19 WHEREAS, Funds derived from the sale of this vehicle would be considered partial
20 recovery of the total funds expended purchasing the vehicle for the purpose of satisfying the
21 lease agreement; now therefore, be it

22 RESOLVED, That the Board of Directors hereby directs staff to take any and all
23 appropriate steps to enact early termination of the vehicle lease agreement between the
24 Authority and Ford Motor Credit through the expenditure of Authority funds for outright
25 purchase of the vehicle; and therefore be it further

1 RESOLVED, That after executed purchase of the vehicle the Board of Directors hereby
2 directs staff to dispose of the vehicle by the method that staff determines will deliver the
3 highest amount of revenue returned to the Authority in relation to the Authority funds
4 expended for purchase of the vehicle.

5
6 **CERTIFICATE OF SECRETARY**

7 I hereby certify that I am the duly elected Secretary of the Treasure Island
8 Development Authority, a California nonprofit public benefit corporation, and that the
9 above Resolution was duly adopted and approved by the Board of Directors of the
10 Authority at a properly noticed meeting on December 14, 2005.

11
12 
13 Susan Po-Rufino, Secretary
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Gavin Newsom
Mayor

September 22, 2006



TO:

PLEASE NOTE:

ENCLOSED ARE THE FOLLOWING REPORTS FOR THE
MONTH OF:

AUGUST, 2006

- ① FUEL REPORT
- ② CAR WASH REPORT
- 3) MAINTENANCE REPORT

Department Billing - Detail Report

DATE RANGE: 08/01/2006 - 08/31/2006

Department: 151 MAYOR'S OFFICE - TREASURE ISLAND VEHICLES

Vehicle #	Date	Price
151 151G300	8/7/2006	\$13.25
151 151G502	8/14/2006	\$13.25

Wash Total: \$26.50

Wash Count: 2

Dept Billing Report - Detail

FROM 08/01/2006 00:00 TO 08/31/2006 23:59

Department: 093 - #151 MAYOR TREASURE ISL.

Vehicle ID: 151G500 '88 CHEVY S-10

License #: 94-32749

Sen	Date	Time	Pm	Pd	Qty	Miles	Hours	Previous	MPG	Cost	Pers. Id
002	08/16/2006	08:07	03	01	24.1	72000	0	69677	96.4	71.34	
006	08/21/2006	10:37	03	01	12.5	69861	0	72000	-171.1	37.00	
006	08/31/2006	08:05	01	01	17.5	70072	0	69861	12.1	51.80	
					Prod	Usage	Surcharge		Cost	Total Cost	
					UNLEADED	54.1			\$160.14	\$160.14	

Vehicle ID: 151G503 '88 CHEVY 2500

License #: 94-31180

Sen	Date	Time	Pm	Pd	Qty	Miles	Hours	Previous	MPG	Cost	Pers. Id
105	08/11/2006	11:11	03	01	16.6	31760	0	31617	8.6	49.14	
105	08/31/2006	09:36	04	01	13.0	31881	0	31760	9.3	38.48	
					Prod	Usage	Surcharge		Cost	Total Cost	
					UNLEADED	29.6			\$87.62	\$87.62	

Vehicle ID: 151RCONROY

License #: E360334

Sen	Date	Time	Pm	Pd	Qty	Miles	Hours	Previous	MPG	Cost	Pers. Id
15	08/01/2006	13:17	02	01	10.6	40764	0	40614	14.2	31.38	
					Prod	Usage	Surcharge		Cost	Total Cost	
					UNLEADED	10.6			\$31.38	\$31.38	

Dept Billing Report - Detail
FROM 08/01/2006 00:00 TO 08/31/2006 23:59

Totals for Department: 093 #151 MAYOR TREASURE ISL.

Prod	Usage Surcharge	Cost	Total Cost
UNLEADED	94.3	\$279.13	\$279.13

Total Quantity: 94.3 Cost: \$279.13

Total Cost: =====
\$279.13





